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## **East Europe**

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# East Europe

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### **Finnish Reporter Examines Living Conditions**

92BA0804A Helsinki HELSINGIN SANOMAT  
in Finnish 2 Apr 92 p C1

[Article by Jaakko Tahkolahti: "Albanian Industry Is Now on Square One; Most Factories Are Just Waiting To See Whether New Leadership Can Bring Better Times"]

[Text] Elbasan/Tirana—A shower of sparks flies into Musa Latif and Islam Zace's eyes from the bottom opening of the blast furnace as the men push an iron pipe into the opening with their hands to get the molten iron to flow out. These job safety dispositions would not pass muster under Finnish regulations. At least Latif was wearing something to protect his head, but Zace was working bareheaded with just mittens on his hands. Neither of them had safety glasses on.

The huge metalworking complex in the town of Elbasan located in Central Albania is at a standstill, with the exception of this one foundry. Rollers are rusting and steel forges are idle and falling into disrepair. Most of the complex's over 10,000 workers remained voluntarily unemployed before the Albanian parliamentary elections to take advantage of an 80-percent unemployment compensation benefit.

#### **Trees for Firewood Along Sides of Roads**

Amounting to a couple of Finnish markkaa, the daily allowance does not go very far, but being out of work gives people a chance to use their working hours to procure food or even to cut firewood along the sides of Albania's naturally beautiful highways. Rows of linden trees tens of kilometers long still shaded roads last fall. The shortage of firewood in Albania forced people to cut down the trees and last winter the roads became passages lined with stumps.

The molten iron flowing from Elbasan's blast furnaces just had to be moved into storage to wait for better times. There are no buyers because Albania's own industry is at a standstill and there is no demand for its products abroad either.

All of Albania has been waiting for things to get better since the parliamentary elections. Many thought that the elections would change everything for the better after a period of despair lasting nearly five decades, first the communist tyranny and then a couple of years of chaotic freedom.

Having won the elections, the Democratic Party now holds nearly absolute power in the country. At the same time, tremendous expectations are focused on the government formed by the party leaders. Albania is now on square one. Many are of the opinion that everything should be razed first and then they should rebuild.

The Albanians seem to have been trying to destroy as many of the achievements of communism as possible during the past 12 months, that is, since the first multi-party elections were held in the country last March.

Most of the industrial plants stopped operating when workers began to demand wage hikes and the government agreed to pay unemployed workers 80 percent [of their wages] in compensation. Reduction in many branches of industry has plummeted to less than half of what it was before.

#### **Market Forces Take Over Business**

The redistribution of farmland has been delayed because of various kinds of disputes over land ownership and agricultural production has, at the same time, come to a standstill. Albanians are being fed with food imported from abroad, a situation that does not provide people with an incentive to work on their own agricultural production since they do not know whose land they are farming.

At night animals, cows, sheep, and poultry, disappear from farms. They may appear cut up into pieces for sale on the streets of the towns or live on the Sunday markets that have sprung up this year in the largest rural population centers. The market economy has begun to gain a foothold and, at the same time, prices have taken an upward turn.

Whereas in the old days a kilogram of meat cost about 50 pennia calculated in Finnish currency, it now costs about 5 markkaa, which is what it takes the average Albanian many days to earn. There is no meat in the former state stores; it is only available in private street sales. The free market economy is already flourishing on the streets near Tirana's main square. While prices are indeed high for local residents, almost anything at all can be bought on the street: television sets imported from Greece, video and audiotape recorders, refrigerators, new and used clothing, electrical appliances, old cameras, rugs, and various kinds of knickknacks. Also available are coffee mills specially produced in Albania with which beans can be ground fine enough to make Turkish coffee.

**Foreign Minister Ganev on Scandals, Diplomacy**  
*92BA0681A Sofia 168 CHASA in Bulgarian 10 Mar 92*  
*p 21*

[Interview with Stoyan Ganev, minister of foreign affairs, by Mariana Svetoslavova; place and date not given: "If Someone Hands Some File to Someone, That Says That Someone Is Handing Something to Someone"—first paragraph is 168 CHASA introduction]

[Text] Minister Stoyan Ganev thinks that diplomacy is not a profession but a striving for improving all life and relies on his former students.

[Svetoslavova] Mr. Minister, where did you learn about the accusations made against you?

[Ganev] From Dimitur Ludzhev.

[Svetoslavova] Why have you insisted on the meeting of the 39th in Varna?

[Ganev] There is no connection between the two.

[Svetoslavova] But, according to Georgi Markov, the meeting in Varna was particularly necessary in order to explain what serious blow is being prepared against you.

[Ganev] Obviously, the meeting had great significance in that regard because, for example, the accusation is a conspiracy against the political forces—against the SDS [Union of Democratic Forces] and the DPS [Movement for Rights and Freedoms]—so that this question was posed in the context of the entire situation in the country and of the attempts to destabilize the situation.

[Svetoslavova] But what would happen in Turkey if the leader of the third political force were photographed with a folder in his hand going into the Bulgarian Embassy?

[Ganev] In Turkey and in any other country that respects itself, such a scenario never would have developed. Second, the mass media would never pay serious attention to this matter because it is simply laughable. And, third, if someone gives some folder to someone, that simply says that someone is giving something to someone. But what is he giving? Can you answer that?

[Svetoslavova] I—no. And you?

[Ganev] I also. All kinds of pictures are possible. Or, let's take me. I have meetings with ambassadors every day, and very often I have to give them different notes and other documents. If you photograph me and if you have a sick imagination, or, more accurately, a stupid imagination—pardon my expression—you would be able to say that there is a conspiracy.

[Svetoslavova] You already mentioned on television that you have not seen the lists that are being talked about.

[Ganev] Yes, that is so. And I do not say it for justification but, in a certain sense, as a reproach—a reproach

against those who are responsible for the lists. The president, the chief of the Intelligence Service, the minister of defense, and, correspondingly, the chief of Military Intelligence are responsible for that list for the intelligence services.

[Svetoslavova] Because you have not seen the lists, how can you maintain that they are inoffensive lists?

[Ganev] I never said that they are offensive or inoffensive.

[Svetoslavova] But you did say that these lists do not represent anything serious because, even in spite of that, the people who are mentioned there will subsequently be fired.

[Ganev] That is my assumption. I never saw those lists. Because I know that at the moment a very serious personnel change is going on, my assumption is that it is a matter of people who in general are not crucial. And because we do not doubt that that is a scenario, which is developed by dark forces, they very well knew who may be included and who may not.

[Svetoslavova] According to you, how will this story end? By making the intelligence services subordinate to the government instead of subordinate to the president?

[Ganev] I cannot guess. I want it to end in accordance with the interests of Bulgaria—namely, so that we have a modern intelligence service. I understand the term "modern" to mean the possibility for this system to be subject to parliamentary control. But it is normal that, at the moment, foreign intelligence is not subject to parliamentary control. But it is independent because it is subordinate to the president. Only he cannot be controlled by the parliament.

[Svetoslavova] But don't you think that taking the intelligence services away from the president restricts his authority too much?

[Ganev] And do you think that he has such authority? According to the constitution now in effect, the president has representative functions and does not have executive command functions, with the exception of the fact that he is the commander in chief of the Armed Forces. Nowhere in the Constitution is it written that the right to direct the intelligence services is granted to the president.

[Svetoslavova] Our president signs the orders for the ambassadors. Doesn't he have to have more information?

[Ganev] To have information does not mean that he is to direct the service. Our president has a very important place in the system of our foreign policy, but the operative work in conducting foreign policy is performed by the government—respectively, by the Ministry of Foreign Affairs. We have complete understanding on these

matters with Director Zhelev. We do not have contradictions. I understand that the press blows them up artificially.

[Svetoslavova] Nevertheless, it appears that there is a contradiction between the views of the president and what you are saying.

[Ganev] Yes, with respect to the matter of the subordination of the intelligence service. However, we do not see anything bad in that. The content of his declaration is rather emotional. I have thought a lot and have come to the conclusion that it is good for foreign intelligence not to be in the Ministry of Foreign Affairs system but to be for the government. But the whole argument of Director Zhelev is that the inclusion of intelligence in the Ministry of Foreign Affairs may lead to deformations in these services. However, I am not convinced that that is so.

[Svetoslavova] But how would you respond to the argument that that is a turn backward to totalitarian times?

[Ganev] What? That the intelligence service will be for the government? The president does not have a declaration on this subject.

[Svetoslavova] No, that the intelligence service together with all the rest will be under the control of one political force.

[Ganev] I say that it will be under the control of the government but not of the SDS.

[Svetoslavova] But isn't that under the control of the SDS?

[Ganev] But it may not be under the control of the SDS later on. Do you think the SDS will govern forever? The decision to change the intelligence services to being subordinate to the president was made by order of Petur Mladenov, when the SDS was not able to say anything. We never had the opinion that the intelligence service should be for the president. I understand the sense of your question to be that the intelligence services will be for the president, in order not to be colored by the party. But why do you think the president is not so colored? He is the candidate of the SDS. The fact that he now wants to be somebody else or does not want to be somebody else, I do not know what our president wants. I hope he has not forgotten who promoted him and who voted for him.

[Svetoslavova] But more people voted for Zhelyn Zhelev than for the SDS in the parliamentary elections.

[Ganev] But then more voted against him than against the SDS.

[Svetoslavova] You intend to renovate the personnel of the ministry. But then it is known that professional diplomats are formed over years.

[Ganev] What do you mean by professional diplomats? I do not agree that diplomacy is a profession. Diplomacy is a function that may be performed by people who can perform it. Diplomacy is the constant striving of a man who has entered the system of the Ministry of Foreign Affairs to improve all life.

[Svetoslavova] In this case, what will be the criteria by which employees of the ministry will be judged to be suitable or unsuitable?

[Ganev] A commission with observers from the three parliamentary groups and the two trade unions will be created in the ministry. They will conduct the discussions. The basis will be the ability of the diplomat to react in a specific situation; the evaluation will be made not quantitatively but as in a competition as a jury evaluates. I hope that in the final analysis the better ones will remain. Of course, there are the following criteria: participation in the structures of the Central Committee of the Bulgarian Communist Party before 10 November or participation in the revival process, or work in state security.

[Svetoslavova] You want to rid the ministry of all agents of the intelligence service from before 10 November. In the future, will there be intelligence service agents among Bulgarian diplomats?

[Ganev] Well, this is a matter of the organization of the intelligence system. It is not a matter we can discuss in the newspapers.

[Svetoslavova] Let me shift you to another subject. When President Zhelev published the announcement of the independence of Macedonia, you were not in Bulgaria. Does the fact that they did not wait for your return disappoint you?

[Ganev] It would have upset those who did not wait for me. I completed my work and I continue to do it, including recognizing the republics. The decision was right on principle, but the way in which it was made was not indicative of sufficient consideration of the reactions. Actually, it was an attempt by certain circles to discredit Stoyan Ganev.

[Svetoslavova] Is it permissible for a foreign minister to separate himself from the position of the government, even if it is with respect to the form and not with respect to the content of some decision?

[Ganev] Such behavior is not acceptable. But it is acceptable for a minister of foreign affairs not to agree with the way in which a position is explained. The deputy minister of foreign affairs at that time, Stefan Tafrov, tried to explain it in a way unsatisfactory for our interests, and, as you know, things consequently took their course.

[Svetoslavova] Is he getting ready for Italy?



[Ganev] That is a question that has yet to be decided. What position the parliamentary group of the SDS will take is also not without significance.

[Svetoslavova] You promised that you would straighten out our relations with Greece in just a month. Have you done this?

[Ganev] The misunderstandings that arose in our relations have now been overcome.

[Svetoslavova] Some observers consider that the lack of a meeting with the Serbian president, Slobodan Milosevic, casts doubt on your visit to Serbia.

[Ganev] These observers are very meaningless. They simply are not observers.

[Svetoslavova] On New Year's Day you were in Tehran. At the time, there was talk of Iranian oil for millions of dollars.

[Ganev] The oil could have been here already, but our system is very bureaucratic. I do not know if this matter has been actually set in motion. I cannot say precisely who is guilty, but our foreign ministry has finished the work.

[Svetoslavova] Finally, some more personal matters. What subject did you teach in the school in Simeonovo?

[Ganev] I taught constitutional law. At that time, it was called government law of the socialist countries. At that time, as opposed to Bulgaria, the Soviet Union was a democratizing government.

[Svetoslavova] Do you maintain ties to your former students?

[Ganev] I have never heard bad words from them. I have led exercises with the National Militia but not with government security.

[Svetoslavova] Do you rely on your former students?

[Ganev] Well, how can I not rely on those people who are trained policy personnel? On whom do I rely? On the old personnel?

[Svetoslavova] Some of the leaders of the opposition outside of parliament think that you want to oust Filip Dimitrov from his post. Is there anything to this?

[Ganev] In no way are these leaders farsighted, and that is why they have remained out of parliament.

[Svetoslavova] Let's straighten this out: Do you speak English well?

[Ganev] Yes, and that is a question out of mothballs. I do not know why they ascribe to me that I know only the Bulgarian language. How would I handle my job if I could not speak English?

### **Bulgarleasing Earns Positions Abroad**

92BA0765A Sofia BULGARSKI BIZNES in Bulgarian  
9 Mar 92 p 6

[Article by Anastasiya Konstantinova: "Bulgarleasing Is Gaining Positions Abroad"]

[Text] The management of the Bulgarleasing Corporation reported good financial results at the general shareholders meeting.

At this time, shareholders in the Bulgarleasing Corporation include 479 state firms, six merchant banks, 12 foreign companies, and 118 public organizations, associations, cooperatives, private companies, and private individuals. The shareholders voted to retain the statutory capital of 140 million leva, despite the requests of shareholders to redeem their shares. General director Tadarukov announced that many foreign companies have expressed a desire to acquire the controlling packet of Bulgarleasing shares. However, that possibility was blocked by including in the bylaws an article according to which no single shareholder could own more than 30 percent of the capital.

The Bulgarleasing Corporation reported a profit of 20,297,000 leva for the past fiscal year. Within the same period, by decision of the administrative council, several offices were closed down, as a result of which, as well as of other factors, the average monthly wage was increased by 1,540 leva for the year and by 2,150 leva for the period between 1 September and 31 December 1991. Shareholder dividends were 20.82 percent (8 percent in hard currency for shareholders owning shares in U.S. dollars). Ten percent of the profit went into the reserve fund, which, according to the bylaws, can be used only to cover annual losses or losses incurred in previous years. At the start of the new fiscal year, the capital in leva amounted to 42,887,000 and, in foreign exchange, to 208,000 leva.

Indicative in terms of the international image of the Bulgarleasing Corporation are the personal invitations addressed to its general director to address the Ninth World Leasing Congress in Los Angeles and to be the featured speaker at the Eastern and Central Europe Leasing Forum in Vienna. The IFC [International Financial Corporation] of the World Bank exchanged letters with the prime minister on establishing a joint leasing company with the Bulgarleasing Corporation. The company is involved in financial operations with the Deutsche Bank in Germany, the San Paolo Bank in Austria, Osterreichische Leasing in Austria, and the Banque France de L'Orient in France. In addition to the traditional partners in Western Europe, markets were developed in Sweden, Lebanon, Austria, Czechoslovakia, and Turkey. There were import and financing activities for equipping private companies that own shares in Bulgarleasing. Used machinery worth \$165,000 was exported mainly to Italy, Morocco, and other countries. The corporation participates in 12 companies engaged in

joint activities with headquarters in Moscow, Baku, Lichtenstein, Germany, and so forth.

Bulgarleasing has formulated 16 projects for privatization through leasing, which were submitted to the government and the parliament. Tadarukov expressed the hope that the Law on Privatization will include a special section on privatization through leasing, based on Bulgarleasing suggestions.

The trends in the development of the activities of the Bulgarleasing Corporation will enable its shareholders to make use in the future of the leasing method for procurements from Germany, France, Austria, Italy, and so on. A program for work with materials supplied by companies from Italy, France, and Germany has been developed, which will make use of the available production capacities of shareholding enterprises in the country. Bartering operations have been established with CIS, Yugoslavia, and others. Bulgarleasing will continue to follow a policy of establishing joint enterprises, in the belief that it is preferable to work with a local partner when operating in foreign markets.

Real estate leasing, which will be developed in Bulgaria, is an interesting new activity. Bearing in mind the low purchasing power of the population and of most Bulgarian companies, it would be logical to expect good prospects from such activities.

**Bulgariya Insurance, Reinsurance Corporation**  
92BA0765B Sofia DELOVI SVYAT in Bulgarian  
27 Mar 92 p 3

[Interview with Atanas Tabov, president of the Bulgariya Insurance, Reinsurance Corporation, by Bozhana Lyubenova; place and date not given: "Commerce Involving Risks Can Be a Successful Business for Those Who Can Engage In It"]

[Text] [Lyubenova] Mr. Tabov, the corporation you head was registered on the first day of spring of last year. What have been the results of your activities at the closing of the first fiscal year?

[Tabov] In the nine months during which we actually functioned on the market, Bulgariya's statutory capital totaled 25 million leva. This made us the biggest corporation in the field of insurance. Our shares was bought out quickly, which had an influence on their value, and, from a nominal opening value of 500 leva, they have already risen to 550 leva. In other words, the value of the stock increased by 10 percent. The ratio of privately owned capital in the statutory fund exceeded 85 percent. Physical persons owning stock in the company number almost 540.

[Lyubenova] What will your shareholders learn at the annual accountability meeting?

[Tabov] The annual profit and loss sheet shows stable financial results, which are directly related to the situation in the insurance market in our country. Our activities are bound to be affected by the delayed processes of the economic reform, the difficulties experienced by private business as a whole, and the behavior of the DZI [State Insurance Institute], which is a state monopoly. Attracting Bulgarian and foreign customers has required a great deal of effort and flexibility. After meeting with our associates, they have seen that we are doing good work in terms of insurance standards. Nor should we underestimate the fact that two-thirds of our market are free.

Our shareholders will learn that, in no more than nine months in its first fiscal year, the company earned more than 10 million leva from direct insurance activities. The General Assembly will determine what percentage of the net profit is to be distributed as dividends. During the current period, when the Bulgariya Insurance Company is developing its markets, one cannot speak of large dividends. We shall have to work for quite some time to establish ourselves as a company with a stable existence and a good reputation among the customers. Our shareholders will be able to understand, I hope, that the accumulation of reserve capital means that higher risks may have to be assumed. In the next few months and years, this will increase the value of their shares.

[Lyubenova] You mentioned the State Insurance Institute. What is the problem in relations between you, bearing in mind that the Law on the Protection of Competition has already been enacted?

[Tabov] In publications and on television, the representatives of the DZI are attacking the newly established private insurance companies, which they describe as illegitimate. This is despite the fact that the DZI itself still accounts for more than 35 percent of the market, in violation of this law. The court has ruled on our legitimacy, and our corporation has been registered in accordance with all of the requirements of the Trade Law. Such disloyal behavior toward us is manifested also in the fact that letters have been sent, the content of which has caused us moral and material harm. It was on this subject that we had to turn to the Commission on the Defense of Competition of the National Assembly to request a ruling on this case through the court, in accordance with Article 18, Item 2 of the Law on Competition.

[Lyubenova] Branches of the Bulgariya Corporation are already in operation in many cities throughout the country. What problems are you encountering?

[Tabov] Our company already has 20 branches, and we are about to open another eight. Our financial position enables us to "grow," although a more immediate problem is that of familiarity with insurance matters by

the people. Unfortunately, such knowledge is exceptionally poor, and their views on our activities are incomplete and inaccurate. This will definitely be one of the lines of our future work.

### **Background, Future of Cooperative Farming**

92BA0688A Sofia BULGARSKI BIZNES in Bulgarian  
24 Feb 92 p 4

[Article by Petkan Iliev: "Cooperatives in Agriculture Are One of Its Chances"]

[Text] "In spite of the fact that family farms will exist in the future structure of the agricultural economy, the bulk of agricultural production will depend mainly on the restructured cooperatives or organizations formed on a cooperative principle, which will arise on the basis of the former labor cooperative farms." This conclusion of the experts from the World Bank about the situation in Bulgarian agriculture in the near future indicates that the place of the cooperatives in the structure of the agrarian sector will be significant. However, in the final analysis, the problems connected with these processes probably will not be at all small. "Many of the presidents of the cooperatives are not clear about the limitations of the cooperative form of business organization and unconsciously underestimate the existing conflict between the owners of the land (the desire for higher rent for a longer period) and the hired workers (their desire for increasing their wages more rapidly). They have a powerful interest in saving their positions and defending the present laws and organizational structures. Moreover, they forget

### **The Experience of Cooperatives in the Past**

in market economy conditions a long time ago."

And yet, what will be the place of the cooperative, and what are to be the preferred forms of organization, so that it can be one of the basic factors in building the market structures of the Bulgarian economy?

The rapid expression of the economic power of the cooperative will be directed against the modern monopolist—the state and its economic structures—a very powerful competitor, from which our entire economy will benefit. But specifically, in agriculture, the cooperative must turn its attention toward the problems connected with the achievement of agricultural production so that private initiative—respectively, the future independent farmers—is not stifled right at the outset.

The cooperative movement has traditions in Bulgaria. The appearance of credit cooperation in our country dates from the end of the last century. At the beginning of the 1950's, nearly 90 percent of bank credit was in the hands of the cooperative movement. Twenty-four hundred agricultural credit cooperatives and 248 popular banks functioned in the country.

The example of the industrially developed countries shows that the exchange of commodities between agriculture and the other branches of the economy grows with the development of market relationships. In these conditions, the cooperatives take upon themselves the functions of

### **Supplying the Farmers**

with the means of production, the sale, and at times in part even the processing of the products produced—i.e., the agricultural cooperatives represent a complex socio-economic form of a large-scale association of farmers, within the framework of which are concentrated one or several types of economic activities, carried out by the agricultural producers. However, it is very hard to give an unambiguous evaluation of the specialization of the cooperatives. As a rule, they perform several functions, and it is not possible to say that any one of them is more important than the others. For example, in Germany, almost 80 percent of all credit cooperatives, in addition to credit work, are also involved with sales and supply activity.

In our country, the cooperative plays an important role in the development of agricultural production, especially with

### **Granting Credit**

to the farms, in providing them with the means of production; the rendering of different services; the preparation, sale, and processing of agricultural products.

With the present restrictive credit policy, encouragement on behalf of the creation of credit cooperatives is imperative. The functions of these cooperatives must include granting credit to agricultural producers with funds created by members' joint-stock payments. The credit agricultural cooperatives in Germany provide for over 35 percent of the requirements of the agricultural producers for external financial assistance, including 80 percent of the requirements for short-term loans.

The tendencies in the world show that the number of cooperatives is becoming smaller, while, at the same time, the number of members and the range of their economic activity is growing.

In Germany, in 20 years (from the middle of the 1960's to the middle of the 1980's) the number of agricultural cooperatives decreased from 20,000 to 8,000, but the number of members grew from 4.6 million to 12 million people, and the volume of the turnover increased from 26 billion to 88 billion German marks. The average size of the cooperatives also is increasing—from 140 member contributors to almost 700. During recent years, there has been an increased role of

### **The Cooperatives as Intermediaries**

between the producers of agricultural products. These interrelationships are built on the basis of long-term contracts. To a certain degree, they provide the security



for the agricultural producers to carry out production. In our country in the past, in the prewar period, the so-called specialized cooperatives played this role—the viticultural-vintner cooperatives, the milk producers' cooperatives (by 1944, of the existing 1,038 milk processors in the country, 540 were cooperatives, producing 40 percent of the kashkaval [yellow cheese], 50 percent of the cheese, and 50 percent of the butter), the tobacco producers' cooperatives, and so forth.

The experience in the developed countries shows that the collective-cooperative forms of rendering production and maintenance services are spreading significantly—in particular, cooperatives for joint use of agricultural equipment. This form of cooperative is of interest to Bulgaria because it is used in conditions of an undeveloped socioeconomic structure of the agriculture and land use, with small-scale agriculture and with a shortage of funds for purchasing machines and equipment.

The last several decades ever more clearly reveal the tendency toward the vertical integration of farms with industrial establishments and the creation of agro-industrial associations, something we tried to do in the 1970's, but with administrative measures. The cooperative associations are organized so that every farmer is connected with several cooperatives simultaneously. Thus, synthesis of agriculture with industry is accomplished by means of the cooperative. In Germany, there are the so-called associations of producers, the creation of which has been stimulated since the acceptance of the Law for the Market Structure by the federal government in 1969. The purpose of the creation of these cooperatives is formulated in the following way: "The associations of the producers and their unions should increase the quality of agricultural production, involve concentration of the proposed production, and ensure constant deliveries of high-quality products to the market."

The creation and development of similar associations of producers, the integration thereof into unions, must be stimulated on the part of the state. According to the supplement to the Law Concerning Market Structure (of 1975), the state may render to officially registered producers' associations and their unions

#### Financial Aid

for five years after their official recognition by it. The first year, the amount of this aid is up to 3 percent, the second year 2 percent, and the third, fourth, and fifth years 1 percent of the revenues from the sales of the cooperative reckoned from the moment of its official registration. In the first year, the sums of the subsidies must not exceed 60 percent, in the second year 40 percent, and in the third, fourth, and fifth years 20

percent of the administrative-monitoring expenses of the cooperative (including the expenses for obtaining consultations and the expenses for monitoring the quality of the products produced). Moreover, if there is strict observance of all conditions of the contract, the producers' association obtains from the state in the course of the first seven years specific financial aid for capital investment amounting to up to 25 percent of the investment expenses of the cooperative. The most important duty of the association is to conclude

#### Long-Term Contracts

with the contractors from the food and tobacco industries or the foodstuff trade.

This form of cooperation presupposes the production of high-quality agricultural products in precisely defined periods and "centralization" of its sale.

In the case of the producers' association, the production itself remains decentralized and is not accompanied by the creation of public property, as was the case with the labor cooperative farm.

However, the current policy of the Bulgarian Government, the preparatory changes and supplements to the Law for Cooperatives, are in the direction of breaking the thread of tolerance of the agricultural cooperative, as thin as it is. The cooperative movement in Bulgaria received material assistance in the past, especially from the cooperative unions and from the government banks and the cooperative banks—Bulgarian National Bank, Bulgarian Agricultural Bank, and Central Cooperative Bank (the last two united in 1934 into the Bulgarian Agricultural and Cooperative Bank). The private farms—not only the cooperative ones—were granted credit. By 1940, the Bulgarian Agricultural and Cooperative Bank had granted credit to 2,404 cooperatives, 5,171 collectives, and 428,256 individual members. Their obligations to the bank exceeded 2.7 billion leva (at the exchange rate then prevailing).

At the present stage, the government will have to conduct a policy of strengthening the financial state of the cooperatives by encouraging the expansion of the amount of funds accumulated by private agricultural activity and reinvested in production, obtaining credits, and so forth. In the industrially developed countries, the cooperatives in principle are not subjected to double taxation. In Italy, for example, during the first 10 years, the cooperatives are entirely free from taxes. In France, the tax conditions also are favorable to the cooperatives. Of course, the assistance of the government for the agricultural cooperatives and the individual private farms is a matter of economic policy and strategy, but Bulgarian agriculture has need of it.

**MDF Faction Leader Konya Views Various Issues**  
*AU2704070292 Budapest NEPSZABADSAG*  
*in Hungarian 18 Apr 92 p 19*

[Interview with Imre Konya, faction leader of the Hungarian Democratic Forum, by Lajos Pogonyi; place and date not given: "People Are at the Limits of Their Tolerance"]

[Excerpts] [passage omitted] [Pogonyi] At a recent forum of the Hungarian Democratic Forum [MDF] you said that the purpose of providing historical justice was that, after the decades of socialism devoid of nationalism, the nation would be able to stand with its head high before the world. However, my opinion is that the Iusticia program and the Zetenyi bills only serve to generate strong emotions.

[Konya] Sandor Csoori [writer, chairman of the World Federation of Hungarians] does well to point out the similarity and difference between the fascist and communist dictatorship when he talks about "socialism devoid of nationalism" as opposed to national socialism. After the two kinds of dictatorships, which are essentially the same, the real change is coming now when the nation, after being trodden on by outside forces from two directions, at last has the chance to raise its head. As for generating strong emotions, all parliamentary parties agree—at least, this is what they say—that the events of the past decades have to be truthfully revealed and made public and no one says that this generates emotions. Have you or the people accusing us of irresponsibility thought about the feelings that would be generated if all the horrors of the past decades were published but we opened our arms and said, acting after the opposition's suggestions, "Well, yes, all 10 million of us are guilty, let us examine ourselves, because the murderer and his victim, those who initiate volley fire and perform hanging, and the millions who were afraid of and compromised out of terror were all a link in the chain the same way"? I believe that this would—rightfully—generate passions, rather than if we say that yes, let us differentiate between murderer and victim, dictator and people who wanted to survive and therefore often made compromises.

[Pogonyi] Many of us adapted....

[Konya] Almost all of us did, to some extent.

[Pogonyi] Is it not time to deal with the future instead of groping in the past?

[Konya] I do not know what you mean by "groping in the past?" First of all, the more than 200 laws passed by parliament have established the legal framework of a functioning democracy and a market economy, and the government's measures also apply to this—if you like, "future." [passage omitted]

[Pogonyi] As a politician who belongs to the inner circles of power, how do you see the activities of the Antall government? What grade would you give, for example, to

its economic performance? Some of the opposition says that the Kupa program is a utopia. According to experts, there will be 700,000 unemployed in Hungary by the end of the year. Privatization has slowed down. A wave of bankruptcies has just started, the solidarity fund is empty, and there is no sign of a law on the administration of public finances. Compared to this, the MDF promised an easy road in its election campaign.

[Konya] The MDF did not promise an easy road, just as, to their credit, the other parties did not, either. The number of unemployed is indeed very high, and those who are out of work would not be happier even if this figure were much lower. However, think about your questions; you blame us for the many unemployed and, at the same time, for the slow speed of privatization and the beginning of the bankruptcies. One thing is missing here that we are usually blamed for, namely that we did not prevent the creditors [as published] waiting in lines. It must be understood that it is not possible to speed up privatization without an increase of unemployment, and waiting in lines can only be stopped if we create a clear situation through the bankruptcy proceedings. All this involves a lot of suffering and hardship, this is partly why we opposed the opposition's suggestion for shock therapy because that would have created even greater commotion. People are at the limits of their tolerance even at the speed accepted by the government. [passage omitted]

[Pogonyi] What do you think the government's merits are?

[Konya] That it maintained the ability to function and political stability with a democratic government. Also, that in the meantime, the transformation is progressing at a balanced speed and that positive processes started, even in the economy, in the second half of 1991. The foreign trade balance had a \$300 million despite although preliminary calculations having anticipated a deficit of more than \$1 billion. Inflation has slowed down, savings have increased, and the population's foreign currency reserves almost doubled in 1991, by increasing to \$1.7 billion! In spite of inflation, the forint has stabilized and there is very little difference between the official and the black-market price of hard currencies. I am very much aware, though, that unemployment has greatly increased. It is also clear that some balancing problems have arisen in the budget. Even in the interest of staying on its feet, the government has not given up the firm and unpopular measures that involve many hardships.

[Pogonyi] Talking about the past two years, one cannot avoid mentioning the relations between the government and the press, which were anything but fair. Mutual suspicion and a series of misunderstandings characterized this period. A new feature of the last few months is that the government is intent on extending its power over the majority of the written media in addition to the most important television news programs.

[Konya] Anyone who is worried that there will be an increase in the press in the proportion of publicity of various political views that are unfavorable for the opposition either has not thought the question through or is lying.

[Pogonyi] Is the good press the one that, rather than courting it, criticizes the government if necessary?

[Konya] It is not a problem if a journalist criticizes the government; the problem is when he misinforms, amplifies certain issues, and does not talk about others. [passage omitted]

[Pogonyi] Let us change the subject. Your colleague in parliament Jozsef Debreczeni recently wrote that the MDF should return to the style of calm power. He added that conciliatory politics will be a characteristic of the MDF's new policy. According to Debreczeni, the controversial issues will have to be cleared up in the party so that the MDF can return to the center-party image that it won the elections with. Do you agree?

[Konya] The MDF continues to be a center party; therefore, it has nothing to return to. If Jozsef Debreczeni indeed said this, then I do not agree with his statement.

[Pogonyi] May I say that I rather agree with Deputy Debreczeni in the sense that the MDF is no longer the kind of center party that won two years ago. In my view, the MDF is increasingly shifting to the right, precisely because of the "onward march" of the radical-populist wing. Istvan Elek is right in saying that it is not possible to talk the way [MDF Deputy Chairman] Istvan Csurka does, for whom the opposition is no longer an opponent but an enemy.

[Konya] Why would this mean any kind of shift to the right? The clashing of various views and open criticism of each other proves the democratic nature of a party, rather than its left-wing or right-wing nature. I repeat that the MDF is a center party and includes the liberal attitude of Debreczeni or Elek just as it does the plebeian radicalism of Csurka. The MDF includes a broad scale of political values and views. In addition to the popular-national traditions and the views of national liberalism, we also greatly represent Christian Democratic interests. However, right-wing extremism is just as alien to the MDF as left-wing extremism. This is exactly why it can fulfill its role as a center party. [passage omitted]

[Pogonyi] In your view, is it a normal situation that dialogue between the MDF and the Alliance of Free Democrats [SZDSZ] is virtually nonexistent?

[Konya] No, it is not. Continuous dialogue is important between all parties. I do not primarily mean formal discussions but informal conversations like the meeting between [Prime Minister, MDF Chairman] Antall and [SZDSZ Chairman] Tolgyessy, which stirred a lot of

emotions on the other side. Human contacts between politicians need to be established or renewed. [passage omitted]

**MDF Record Defended Against SZDSZ Charges**  
*92CH0471A Budapest MAGYAR HIRLAP*  
*in Hungarian 2 Apr 92 p 8*

[Article by Jozsef Debreczeni, parliamentary representative and a leader of the Hungarian Democratic Forum's liberal faction: "On Tamas Bauer's Missed Opportunity—in 12 Points"]

[Text] If Tamas Bauer—although it is absolutely improbable, but let us suppose he did so—had told me in private what he then wrote in his essay ("The Missed Opportunity, Two Years of the Antall Government—in 12 Points"), I would most certainly have replied to him politely: "Well, yes, this is very interesting, and if we ever have the time, we can discuss these matters seriously." If his lecture had been delivered in a larger company or at a meeting that had attracted a considerable audience, I probably would have tried to correct his most blatant errors, his most unfounded statements, his most extreme formulations. But because his essay was published in one of the most influential newspapers (MAGYAR HIRLAP 26 March), I feel it is imperative that I reply to it. Not because, as would be the ambition of participants in a discussion of fundamentals, I see a hope and a possibility for convincing my partner in dispute, but rather because a political pamphlet, a partisan agitation—and I think of Bauer's essay in these terms—naturally influences the public: it molds the public's opinion, its beliefs, and its attitudes. Declarations without well-founded arguments, supported merely by general references, unfortunately become, with time, accepted truths (especially if they are systematically repeated in public). Thus, I do not write this polemical essay with the intent of convincing Tamas Bauer, but only with the goal of benefiting and, if they do not chastise me for it, edifying its readers. Let us, then, go through Bauer's 12 points of this March, 1992:

1. We can hardly take issue with the introductory evaluation of the situation. The presentation and assessment of the grave inheritance of the past decades, of the resulting enormous difficulties and tasks facing the new government, and of our advantages compared to our surroundings, together with the possibilities resulting from these advantages, can be deemed realistic.

2. The verdict issued immediately is all the more extreme and surprising: Due to the activities of the Antall government, "the Hungarian people experienced their greatest disappointment in the past two years." For: the government "did not confront the country's grave situation; it fostered the public's unfounded illusions of massive Western help and of the possibility of a speedy economic recovery." Well, this is simply not true. As a refutation it should suffice to quote a few sentences here from a speech by Jozsef Antall, delivered in parliament

on 3 May 1990, after he was asked to form a government: "The weight of the responsibility facing me is...enormous.... I will attempt to...lead the country out of this difficult situation.... But we should have no illusions.... Though we know we have numerous supporters, at a time of difficult international conditions we can only achieve our goal through our own determination, our own talents, and our own will.... We should have no illusions in this regard."

The MDF [Hungarian Democratic Forum] has never promised a dreamlike economic transformation; it merely proclaimed that it is against radical shock therapy, and it strives to mitigate those sacrifices that are unavoidable. Its economic policy recognized that due to the drastic decline in Eastern trade and the structural reorganization of production, an economic recession would be unavoidable in 1990-91. The economy will stabilize in 1992, and growth can start at the end of 1992.

Accordingly, the Antall government sought to restore the domestic and foreign balance of payments, because the previous communist governments financed the population's consumption with foreign loans in order to be popular. In 1989 the "expert" cabinet of Miklos Nemeth produced a negative balance of 1.5 billion dollars. Foreign banks no longer trusted the earlier Hungarian governments because debts were financing consumption.

Bauer ought to know that the original 1990 Bekesi budget contained several time bombs, and for this reason in the summer of 1990 it became necessary to institute measures to achieve a more balanced budget, something that resulted in rising prices. The SZDSZ [Association of Free Democrats], though it in principle supported shock therapy in financial policy, joined the anticonstitutional blockade. It demanded complete monetary and fiscal restrictions, and due to the consequences it came to the fore of discontent [as published]. Was this the populism of the "party of gray matter"?

During the activity of the coalition government, the foreign balance of payments has been restored. In the past two years the balance of payments has shown a surplus (1990: + 156 million dollars, 1991: + 280 million dollars). The foreign exchange reserves amount to 4 billion dollars, which is four times that of the reserves in June, 1990. As a reminder, at the end of the 1980's the balance-of-payment deficit amounted in general to 1 billion dollars.

3. Compensation. The SZDSZ first completely rejected it, for months the party led a publicity campaign against it, and then, during the parliamentary discussion, the SZDSZ made a 180-degree turn and voted for its extension. What is more, the party outbid the MDF, since it wanted to compensate everyone with 20,000-forint property vouchers. The MDF represented a clear position: partial compensation of previous property owners is a duty in a constitutional state. Bauer ought to know that carrying out an authentic land reform is a time-consuming task, since innumerable interests and points

of view need to be reconciled. About 800,000 claims were handed in under the act of compensation; previous property owners can buy land, housing, and stocks for their compensation vouchers. Thus, we can count on further dynamic growth in the process of shifting ownership. For two years, the opposition and the Agrarian Alliance have been threatening that there will not be enough food; what has happened instead is that the Agricultural Ministry produced a record level of exports in 1991.

4. In opposition to the SZDSZ, the MDF, akin to other Western conservative parties, did indeed encourage the greatest possible number of citizens to become entrepreneurs or property owners. In this area great efforts were made, even if no real breakthrough has occurred yet. But let us look at the facts:

The number of enterprises with the status of a corporate body rose from 15,000 in 1989 to 58,000 at the end of February, 1992. The number of joint ventures amounts to 11,000. While in 1989 there were 44,000 enterprises without the status of a corporate body, their number grew by the end of September 1991 to 71,000. The number of individual entrepreneurs increased in two years by more than 100,000, and is greater than 420,000. In the area of retail, more than 70,000 of the 110,000 businesses are privately owned. According to an authoritative estimate, in 1991 25-30 percent of the GDP was produced by the private sector; about 20-25 percent of all employees worked there. These numbers reveal a dynamic boom in entrepreneurship.

5. "The Antall government has no concept of privatization even two years after the elections," states Tamas Bauer; "it made the domestic and foreign investors insecure." The results in this area "are due to the laws passed during the time of the last MSZMP [Hungarian Socialist Workers Party] governments."

The facts: The government announced its theses on the reform of ownership and privatization in the summer of 1990. Based on these theses, parliament modified the law on the transfer of property, the protection of property, and the Property Administration. After this, parliament ratified legislation on preprivatization, then in 1991 on regulations for the compensation of former owners and on the property of self-governments, and recently on the transformation of cooperatives. In the fall of 1991, the government developed a strategy for privatization, and parliament is already discussing the new packet of legislation on privatization.

In the last two years approximately 15 percent of what had been state property ended up in private hands, and operating foreign capital totaled more than three billion dollars. Due to the pragmatic privatization policy of the government, as well, more than half of the capital investment flowing into the region came to our country. Compared to Germany, the process of privatization is indeed slower in our country. But the reasons for this are clear to everyone.



6. According to Bauer, "during its two years in office, the Antall government has failed to transform the structure of expenditures in the budget."

Well, this is a fact, but to state it as a devastating criticism is jejune. Because in the course of building a new, democratic system of institutions, while a war is raging on our southern border and threatening us, and under conditions in which public safety is endangered for well-known reasons, is it possible to sincerely and seriously dispute the necessity of increasing expenditures for public administration, defense, and internal security? And where is that huge amount of money which, according to Tamas Bauer, should have been invested in education, culture, health care, and welfare? The budget of a country, and the structure of that budget, cannot be molded at will. Economic constraints produce a constrained budget. Of course, Bauer knows this much better than I do.

7. "Large-scale unemployment caught the government unprepared," he writes in point 7. The government "did not present society with any concepts about how to deal with social tensions," and it "sits back and watches...as masses of the population become impoverished."

The transformation of the economic structure, the drastic collapse of the Eastern markets, and the establishment of efficient private enterprises are naturally accompanied by the emergence of mass unemployment. The government was also fully aware of this fact. It guaranteed care for the unemployed in the legislation on employment it submitted to parliament. The innumerable retraining programs enable people to learn new trades. As a consequence, the transformation of the structure of property and of industry is occurring under conditions of political stability, without serious strikes. Bitterness, disillusionment, and tensions, of course, inevitably accompany this extremely difficult process. For this reason, I think that Bauer's accusations, brought forth in full knowledge of the situation and of the financial resources at our disposal, are tantamount to social demagoguery.

8-9. In essence, in these two points the author of the pamphlet formulates once more the frequently voiced accusation of a "national Christian tendency," as who knows how many politicians of the opposition have done before him innumerable times. After the decades of the atheist-communist dictatorship, a certain renaissance and rehabilitation of religion, churches, and of a national consciousness is a most natural ambition. I am convinced that this and nothing more is occurring today in Hungary. The seemingly exaggerated efforts in certain cases and at certain times are an understandable and passing phenomenon. And as far as I know, none of the members of the Antall government has labeled "Western-style, progressive, liberal endeavors" as "alien from the nation" and "unpatriotic." Had such been the case, these remarks would have been directed towards other sorts of conduct.

10. Did our relationships with the neighboring countries deteriorate? If we compare the press at home and abroad three years ago with the same press now, we will see that today there are more accusations, complaints, grievances, and of course the criticism of "official" Hungarian foreign policy is louder. In reality the situation did not deteriorate, but rather the press and political movements became freer. Why is the opposition trying so hard to prove that an area which is regarded as successful is not so successful at all? I think the point is simply that according to international trends (in our country even fixed in a provision of law) foreign policy is a governmental responsibility, and the prime minister has a distinct role in its definition and its success. In other words: The opposition is hunting for Jeszenszky in order to shoot at Antall.

How can Hungarian foreign policy toward our neighboring countries be measured at all? It can be gauged by the judgment that the organs of the press and the makers of foreign policy throughout all of Europe pass on our efforts in this area. And such a judgment is certainly positive for Hungarian foreign policy.

11. According to Tamas Bauer the greatest sin of the Antall government is that "with its rule of two years...it has discredited political democracy itself." This statement is followed by well-known accusations. Let us examine the most important of them one by one.

The head of government "ignores public opinion, he retains discredited ministers." This only means that the composition of the government is not determined by the opposition and the media, but rather by the prime minister. And even if it were true that Antall stands by unqualified people through thick and thin, the opposition should greet this with joy and not with loud complaints, since this would ensure the fall of the government at the next polls. And if it were also true that in filling the various posts, "instead of expertise, loyalty to the governing party is the greatest virtue," then the joy should be doubled: The fall of the government is all the more certain.

The government, "utilizing its inherited ownership of the press," intends to "lay its hands on as many publications as possible." Well, as is well known, the state did not inherit a press monopoly: 95 percent of the press has been irrevocably privatized. To present again and again the unique, exceptional, and irreproducible case of buying back ESTI HIRLAP as the seizure of the entire press by the one-party state has become ludicrous after a while. There is indeed a political battle for the control of radio and television (naturally not between angels and devils). One thing is certain: The government cannot be accused of having undertaken one single unlawful step, or of having in any way hindered legislation on the media at any time.

Concerning the appointment of judges: In 1990, the Constitutional Court did not consider as unconstitutional even previous legislation by the one-party state



keeping the appointment of county chief justices within the exclusive competence of the minister, because the above-mentioned chief justices have no influence on sentencing itself. If the old order and practice of appointments did not violate the constitutional principle of a separation of the branches of power, how could it be violated by the order and practice of appointments governed by the present regulations?

"The government coalition is incessantly striving to limit...the power of the president of the Republic and of the Constitutional Court," says Bauer. Concerning the former, he was only forced back into his legal, constitutionally guaranteed position—not by the government, but rather by the Constitutional Court. The status of the latter has (also) been regulated by a law passed by a two to three vote; the Court can only be "restrained" by modifying the law, that is to say, only with the approval of the opposition. There has been no initiative to this effect by any political factions. The legal status and operation of self-governments is also regulated by a law passed by a two to three vote.... Certainly, Tamas Bauer is fully aware of all this. Thus, I say, he is to blame for voicing such claims.

12. He is to blame for applying the label of a "campaign of demagogy" to the intent of creating justice by bringing mass murderers to trial. He is to blame for calling the activities of the first freely elected Hungarian government "reigning." For thinking that this government "did not turn out better" than "the communist governments of the previous decades." For saying that "compared to the one-party system there has been no significant change, new masters simply took the places of the old ones."

And he is to blame for thinking that "the honor of democracy can only be restored by the next government."

Let me ask him who will restore the honor of fair judgment, of honest debate, of well-founded criticism?

And who will restore the honor of the opposition?

### **Political Leaders Pashko, Nano Interviewed**

*AU2804114892 Budapest NEPSZABADSAG  
in Hungarian 22 Apr 92 p 6*

[Interview with former Deputy Prime Minister Gramoz Pashko, a leading personality of the Democratic Party, and former Prime Minister Fatos Nano, chairman of the now opposition Socialist Party, by Oszkar Fuzes; place and date not given: "The Albanian View of the Future—Two Points of View"]

[Text] Europe's poorest country, Albania, with its 2.5 million inhabitants has been closed to the world and especially to journalists for decades. The breaking up of the hard Stalinist regime started some one and a half years ago, and this process very quickly brought a multiparty system and two consecutive free elections.

The socialists, grown out of the old single party, won at the first elections, and the democrats, who had been in opposition until then, won an overwhelming majority at the elections in March 1992. Gramoz Pashko and Fatos Nano were interviewed by NEPSZABADSAG on Albania's problems, lessons, and hopes.

### **Gramoz Pashko: Shock Therapy, Immediately**

[Fuzes] You spoke confidently to NEPSZABADSAG some 18 months ago about the fast overthrow of Albanian Stalinism. This has now happened. What other hopes of yours have been fulfilled?

[Pashko] After standing still for 50 years, our country has switched to a speed unprecedented in its history. I made a mistake in expecting us to achieve an overwhelming victory at the 1991 elections, but now we have done this. The reason why civil war can be avoided is that communism has never had any real roots in Albania, even when it tried to appear in a national guise. It was impossible to refer to the hope of a world revolution, and Enver Hoxha also knew this, so he announced the slogan of "surrounded by the enemy." It was not hard to recognize the social-psychological moment when the masses had finally had enough of the previous regime.

[Fuzes] When was this moment?

[Pashko] When the first signs of human and personal rights appeared, there was no doubt about the final outcome.

[Fuzes] Nevertheless, until last year you or Berisha could have been imprisoned or exiled. The same could have happened to a few thousand people, but it did not.

[Pashko] Figuratively speaking, Enverism was mummified by then. Some oxygen had reached the dictatorship-mummy and its decay would only have been accelerated by our arrest. The fact that our opponents won too much at the last elections was this kind of mistake from their point of view. It only speeded up their fall. It was the anticommunist feelings of Albanians rather than the real principles of democracy that won, and it is now that we have to establish these principles.

[Fuzes] Nevertheless, you participated in Ylly Bufi's coalition government together with the socialists. Why?

[Pashko] So that the country could avoid economic collapse and civil war. Fatos Nano's socialist government was impotent during the death struggle of the totalitarian regime. Our condition for joining the coalition was that the elections would be brought forward to avoid the possibility of the coalition preserving the dictatorship. Do not think it immodest, but I consider one of the reasons for our current victory to be that we participated in the government.

[Fuzes] However, the democrats left the government in December.

[Pashko] When we joined the government, we showed people that we were responsible and able to govern in a European way. I felt that it was a hasty step for the democrats to leave the government at the time. However, I accepted my party's decision lest I caused a division.

[Fuzes] How will the Democratic Party's government begin work?

[Pashko] If this is what you are referring to: I probably will not be part of the government. The most urgent matters are the establishment of democratic institutions and the local elections. The stabilizing of the currency and the launch of radical economic reforms cannot be delayed. We have to attempt to restore a balance in the budget because current state spending is three times above its income. The amount of money in circulation is rapidly increasing, and inflation is around 150 percent a year, and may be even 500 percent. The economy is virtually bled to death by the fact that the state is financing wages. Some quarter of a million workers of our 45 enterprises make only a loss. These factories have to be closed down. However, this might cause unemployment to reach even 40 percent, therefore, we must expect serious social and political conflicts.

[Fuzes] Nevertheless, your party supports shock therapy.

[Pashko] Yes. I support shock therapy because we simply do not have time. There is no other way but to start shock therapy immediately. We must perform the legal, economic, and administrative reforms now, in the euphoria of the victory, because people will start to become dissatisfied after a while. However, I hope that there will be some improvement within six to 17 months. If we delay matters, then we will do harm to the country and a favor to the opposition. To have to hold elections again in 1993 would be a tragedy.

[Fuzes] What could play the role of a "battery" that would help start the economy to perform?

[Pashko] We do have some resources. We can quickly privatize agriculture and the services if we curb inflation. In addition, Albania's economic and geographical position is excellent, because we are in the middle of the Mediterranean sea, between Greece and Italy. We have oil, chromium, and copper. We have to survive the first six months!

[Fuzes] Will the West help after that? Albanians are very much hoping that America is on its way.

[Pashko] We expect help more from Europe. Washington will obviously help less than people expect here. If the reforms progress well, then we may receive the \$5-7 million that we need.

[Fuzes] How are you going to change the staff of public administration and the leaders of the military forces? Will you remove all the communists?

[Pashko] The aforementioned coalition government helped to change the attitude of the staff of public administration and military forces. We trust them and reward them financially.

[Fuzes] Are you not afraid of the "preservation of power?"

[Pashko] No, because the institutionalization of democracy makes this impossible. In a democracy no one can be excluded from fair competition or rights. There will not be a showdown; at the most, we might call people to account for crimes of corruption.

[Fuzes] What will happen to Ramiz Alia? He started to dismantle Stalinism and now he has been forced to leave.

[Pashko] I do not think that he will be charged.

[Fuzes] It is rumored that your relations with Sali Berisha have deteriorated although, in the beginning, you were cochairmen of the Democratic Party.

[Pashko] We do have debates, which is perfectly normal. We fully agreed with each other in the fight against the dictatorship, and now we have some differing views, but I do not think that we would need to break up or turn against each other because of this.

#### Fatos Nano: A Controlled Transformation

[Fuzes] Does the now opposition Socialist Party have a concept about the future yet?

[Nano] You will be surprised to hear that, in our view, it is very good that our opponent, the Democratic Party, won the elections. This meets the Albanian people's pressing need for change. I also hope that, if changes do occur, then they will be for the better. The situation in Albania, whoever is in government, is critical. We started the real political and economic reforms and the democrats are to continue these; the transition will be long. In spite of the defeat, the results of the socialists were not bad, considering that this was the first evaluation after freeing ourselves from the communist conservatives. We won the elections last year but then we were only a branch of the former Stalinist Workers Party. We only discarded the former leaders and the principles, practice, mistakes, and crimes of Stalinism later, in May 1991. Fortunately, half the membership did not join us; only the true left-wing democrats remained with us this way.

[Fuzes] Many people do not believe this because, rather than forming a new party, you "purified" and renamed the Workers Party.

[Nano] No, you are wrong, because we did form a new party with a new program and requirements. We completely dissociated ourselves from the old and discredited methods and people. However, we understand that many people honestly believed in the noble principles of communism and they were then bitterly disappointed. Let us not forget that, at the time, the Workers Party

grew out of the national freedom fight against fascism. Therefore, we do not deny all the past. People who were knowingly guilty in the maintenance of the oppressive dictatorship, well, they established a new communist party. In addition, in Albanian circumstances, it is not at all strange that, while the old political elite disappeared from the scene, the new politicians are also old communists whichever party they belong to now. This also applies to the Democratic Party leader Sali Berisha. Politics outside the party could not exist here before. If people believe Berisha and his group that they are not communists anymore, then it is paradox only to declare us as the successors of the past. Rather than having a better program, the decisive factor in the Democrats' victory was the fact that they said that we were the past and they are the future.

As for our opposition concept: In the interest of peace in the country, we want to be a very much constructive and expert opposition that is loyal to the laws and the reforms.

[Fuzes] What is the difference between the socialist and the democratic program?

[Nano] That we want a social market economy and they want shock therapy. In our view, in this very poor country, a very strong social safety net is needed to help people cope with the changes.

[Fuzes] However, this would require a lot of money. Where would you get it from?

[Nano] This is a professional matter. For example, in our view, not everything should be privatized overnight. We should begin with the small enterprises and give concessions—with social provisions—to the large-scale industries. The employees should also be able to apply for these. Factories, raw-material sites, and sites that can be used for tourism can be let on a short or long term. The income from these would provide the starting fund for the social safety net. At the same time, the Democrats want to get rid of the unprofitable factories within a year, on the basis of central decisions.

[Fuzes] This time last year, you governed in an absolute majority. Why did you give up your place for Ylli Bufi instead of implementing your program?

[Nano] It is simple: I only had three weeks to begin my program. Although it was a government of good experts, its members were being called communists all the time. The opposition organized a general political strike against us. In addition, we ourselves wanted a coalition government, not a single party socialist government. I resigned so that the country would not waste any time in the democratic transition to a market economy. And mainly to allow all people to start work because the whole country was at a standstill.

[Fuzes] Do you have contacts with Berisha?

[Nano] Naturally, both officially and socially. In addition to the politicians, the country also needs economists

and engineers to determine the tasks. We cannot allow ourselves to have a war of camps. It is not enough to have a democratic slogan, it also has to be put into practice. We socialists want to help. Many people here believe that Europe and America are coming to help us. It is an illusion.... If Berisha and his associates create illusions, they damage both themselves and the country. I also see uncontrolled shock therapy as an illusion.

[Fuzes] How great is the danger of chaos?

[Nano] Great. What we are most afraid of is that democracy may lose its control over the situation. The impatience of people expecting miracles has its own dangers. Therefore, we the opposition will support all well-considered measures, being aware of the fact that restoring public order, suppressing crime, and establishing law are the most important tasks in our country.

[Fuzes] Will there be an anticommunist revenge in Albania?

[Nano] Calling former communists to account should start with Berisha or me. What it would end with we should not even think about. Referring to vendetta is even more dangerous in a Balkan country than anywhere else. We, as it were, are heading toward Europe.

#### Minorities Official Views Talks With Iliescu

AU2704063792 Budapest UJ MAGYARORSZAG  
in Hungarian 22 Apr 92 pp 1, 3

[Article by Tibor Paizs, including interview with Gyorgy Csoti, deputy chairman of the Parliamentary Foreign Affairs Committee; place and date of interview not given: "Without Intentions for Revision"]

[Text] As a guest of the Greek Government, Gyorgy Csoti participated in the international conference entitled "The Mediterranean Countries and Europe," which was held in Athens between 8 and 12 April. Here he met Romanian President Ion Iliescu. The talks the two politicians held evoked much reaction in the media, which was not at all united in its reports on their conversations. We interviewed one of the principals, Gyorgy Csoti.

[Paizs] What did you actually talk about with Iliescu?

[Csoti] I asked for the meeting so I could find out the Romanian president's views on the situation of the Hungarians in Transylvania, his new stand on reopening the main consulate in Kolozsvár [Cluj], and to clarify the Romanian accusations on Hungary's intentions to revise the border. As is probably known, Iliescu has made some statements to the effect that while certain Hungarian politicians, the government, and certain parties seek conciliation with Romania, other politicians, like [Foreign Affairs Minister] Geza Jeszenszky directly, attack Romania by constantly talking about the Trianon peace

treaty and unfair dictates and, through this, creating a fear in Romania of Hungary intending to make territorial revisions.

I asked President Iliescu what Hungary could do to improve the situation of Hungarians in Transylvania. Nothing, he answered, because the issue of national minorities was Romania's domestic affair. Naturally, this stand is unacceptable to us. I told the president that no country in Europe treated national minority issues as internal affairs, all organizations clearly held this view, and that it has been a top security policy issue across Europe since 1991.

[Paizs] What was the Romanian president's reply to this?

[Csoti] He said that they did not accept this because, as they keep saying throughout the world, Romania has resolved the national minority issue the best way in the world. In my view, to advertise this is, at best, something to be ashamed of. He said that the Hungarian minority in Romania enjoys more rights than any other minority in Europe.

[Paizs] What was your opinion on this?

[Csoti] I told him that we would be the happiest of all if Romania was able to resolve this matter internally, and if their political leadership could settle the matter with the Democratic Union of Hungarians in Romania. However, as long they are unable to do this, it is our obligation to deal with this issue. We could not go any further because we did not agree on any points of this issue.

[Paizs] Was there anything that you agreed on?

[Csoti] Yes, of course, that it was necessary to try to have a dialogue in spite of the opposing views. We hope that the democratization process will start at the next elections in Romania and that there will be greater opportunities for understanding. We have achieved some results in certain areas; namely, the Open Skies Agreement, the cultural agreement, and the emerging economic relations.

[Paizs] You probably rejected the accusation that Hungary has revisionist intentions. Did you manage to convince Iliescu that this accusation is unfounded?

[Csoti] I did not succeed here, either. He immediately mentioned Geza Jeszenszky, who had spoken about Trianon as an unfair and unacceptable peace dictate to Hungarians in Rio de Janeiro. I told him that this did have to be talked about, but not in the sense of changing the borders by force, and no sensible person or sensible party has ever spoken about this in Hungary. However, it is absolutely necessary to talk about the consequences. After 45 years of silence, this issue definitely has to be discussed, because neither the foreign nor the domestic public knows enough about it. I would like to point out a very big problem here. For several long decades, Romanian propaganda has been making serious and successful efforts to convince the world about its

unfounded Dacian-Roman theory that it traces up to this day. However, it is unforgivable that we do not do anything to publicize our right in a truthful and straightforward way.

[Paizs] The fact that all great encyclopedias talk about Transylvania as the ancient home of Romanians might be the result of this failure.

[Csoti] We have to change this perception immediately. Iliescu never misses a chance to talk about the Dacian-Roman theory and to say that the Romanian people in Transylvania suffered more under Hungarian oppression than under the Turks. I told him that this was a hypothesis rejected by a large number of European historians, and that therefore we should not talk about it! I suggested to him the setting up of a committee of historians to investigate whether Romanians did indeed live in Transylvania in the 10th century. According to my information, no Romanian archaeological evidence has been discovered before the 13th century. This is a matter for the historians, and we politicians should talk about the present. Then he brought up their wonderful constitution. I said: It is this wonderful constitution, is it not, that the mayor of Kolozsvár referred to, the mayor who denies the right to education in the native language and who does not allow Hungarian-language street signs. To my great surprise, he distanced himself from this man, saying that this was a unique case and that we should not deal with it. This might be too much even for Iliescu.

Returning to the charges of revision, and something that Iliescu did not understand, either, is that we are starting from the Helsinki Accord. Hungary is not trying to change the borders by force, but this does not exclude the possibility of border modifications out of the will of the region's people in a given case. Knowing this, nevertheless, our goal is not to rearrange the borders, but to remove them. Iliescu said that they had a different view on this because they stand on the basis of the inviolability of borders. At the same time, as we know, they say different things toward Ukraine.

[Paizs] How successful was your attempt as regards reopening the main consulate?

[Csoti] I told him that now he could prove that he was indeed a European democrat. I told him that he should open the consulate because this would prove that he was not influenced by extremist anti-Hungarian groups, and that this would be a gesture rightly expected of him by the whole of Europe. He did not give an answer on the merits of this issue. He smiled and said that first we should settle the other matters, and that this consulate was not needed, anyway.

#### **EC Liaison Office Scope, Functions Discussed**

*92CH0506B Budapest TOZSDE KURIR in Hungarian  
26 Mar 92 p 9*

[Interview with Dr. Endre Juhasz, executive secretary of the Ministry of International Economic Relations and

chief of the EC Liaison Office, by Berenyi; place and date not given: "The Nearness of Europe"—first paragraph is TOZSDE KURIR introduction]

[Text] Dr. Endre Juhasz became the executive secretary of the Ministry of International Economic Relations [NGKM] on 1 February. The Hungarian Government established the EC Liaison Office [EUH]—under his leadership—at that time.

[Berenyi] Mr. Secretary, what is the function of your office?

[Juhasz] Hungary's agreement on association with the EC has created a qualitatively new situation in this country's external economic relations. The Hungarian Government had to recognize the organizational changes produced by this new situation. This is why the EUH has been established as part of the NGKM. The primary function of our professional staff of 50 is to perform on and enforce the agreement, as well as the so-called interim commercial agreement in force until 1 January 1993. This involves certain technical matters, especially in the initial period. For example, we are publishing the texts of the agreement and the internal decrees required for implementation, we are preparing forms required for exporting, and we continually inform the affected businesses on current issues.

Hungarian businesses must realize as soon as possible that the process of integrating with the Common Market produces tangible benefits, in addition to the added administrative burden it presents. Our function is to coordinate matters. The idea of integration needs to be understood and made popular even within the government.

[Berenyi] What are the possible effects of the integration process and of association with the EC on Hungarian investments?

[Juhasz] The interim agreement that took effect on 1 March did not affect investment funds, but a few, specific provisions of the agreement on association provide a stimulus in this regard. The entire process will indirectly exert a stimulating effect. If, in the past, some Western investors had concerns because of the tight Hungarian market, everyone will find it worthwhile to invest in the future, unrestricted market. Costs in Hungary (e.g. labor costs) are still favorable.

Rules for "settlement" and "national treatment" contained in the agreement on association have a direct impact on foreign investments. A foreigner from within the EC must have the same guaranteed rights to enterprising as a Hungarian, and this applies not only from the legal standpoint, but also in the context of taxation and of possible preferential treatment provided by the government. As of today, foreign investors do not appear in Hungary as entrepreneurs, but as owners of some enterprise, be that a stock corporation or a limited-liability corporation. But a foreigner may want to establish only a subsidiary of his firm in Hungary without

incorporating, or, he may want to operate in Hungary for a while simply as a so-called self-employed person. Step by step, all this will become possible in the future, and the conditions will be identical to those applicable to Hungarian entrepreneurs.

#### **Retention of Enterprise Managers Advocated**

92CH0506D Budapest HETI VILAGGAZDASAG  
in Hungarian 28 Mar 92 pp 41-42

[Interview with Peter Vadasz, vice president of the Hungarian Manufacturers Association and chairman of the board of the Microsystem Corporation, by Bela Weyer; place and date not given: "The Manufacturers Association Vice President Responds: 'We Were Naive at the Time of the Elections'"—first paragraph is HETI VILAGGAZDASAG introduction]

[Text] The economy is abound with rumors about leadership changes; it appears that sufficient "calm force" has been gathered by now to begin the promised major house cleaning that has been delayed for two years. This phenomenon has also been noticed by the Hungarian Manufacturers Association [MGYOSZ], the organization that could hardly be accused of espousing liberal views characteristic of the opposition. So much so that recently the MGYOSZ board found it necessary to take a position regarding this matter. Why this concentrated attack at a time when "serious changes were made in the leadership of these enterprises in the past years, and when in general, the persons holding the number-one leadership posts have already been changed," as that has also been recognized in the above-mentioned document. Why conduct campaigns to discredit these people, when "typically, these changes took place on the basis of elections, and when fitness rather than political criteria played a decisive role in selecting leaders"? We presented this question to MGYOSZ Vice President Peter Vadasz (age 46). He is also the chairman of the board of Microsystem Corporation.

[Weyer] I am afraid that a paradoxical situation in which people accuse Hungarian manufacturers of being communists may arise in the wake of your position paper. In the final analysis, you support leaders who acquired positions in the past, i.e., "in the days of the party state."

[Vadasz] A decisive majority of these leaders consists of technocrats. Insofar as these people are concerned, an MSZMP [Hungarian Socialist Workers Party] membership booklet amounted to no more than having a drivers license in the pocket. I met very many state [enterprise] leaders as far back as four or five years ago who were not the typical incompetent, uneducated, alcoholic slobs who bragged about their party membership.... These new people were dedicated to their enterprises and intelligently worked 15 hours a day.

[Weyer] The position taken by the board suggests that you regard the present changes in leadership as dangerous. Why?



[Vadasz] Anything can happen because there are no clear-cut rules, and no standard practice has evolved. And unfortunately, everything is happening, indeed....

[Weyer] But then, why are you fronting this cause, why are you MGYOSZ's "spokesman" in this regard?

[Vadasz] This is a slippery issue. Consistent with present-day Hungarian customs, anyone who takes a position in this regard is not going to be attacked for what he says, but instead for who he is. Accordingly, the board felt that the choice of the person addressing this issue was important; this person should be immune to charges of supporting his own interest—a person whose objectivity would be hard to challenge. I and my associates established Microsystem on a zero base, with basic capital amounting to only 100,000 forints; Microsystem's annual sales volume exceeds 3 billion forints today. My background truly does not include membership in or connections to the party. I am not afraid.

[Weyer] You have been an entrepreneur for more than 10 years, i.e., you began your work in the past system. We could put it this way: You prepared yourself for the system change at the right time. Did you expect this to happen?

[Vadasz] Prior to and after the elections I was encouraged by the fact that two groups were competing with each other. Each group espoused different philosophies, but both stood on the basis of a market economy. Neither the ruling coalition nor the opposition could be accused of suffering from abnormal intellectual shortcomings. I might have been naive, but under such circumstances I expected a situation in which, irrespective of which side won, some pragmatic, clear decisions would be made to support the most efficient operation of both private and state capital, rather than decisions based on the buddy-buddy system and mutual "give and take," as those manifested in the days of the old party state. I felt that this was one reason why no general, major house cleaning in the economy was forced to take place immediately after the elections. But nowadays the populist forces demand this kind of house cleaning more and more vocally, and, unfortunately, with increasing success. Surely, enterprises still exist where leaders have been appointed a long time ago and do not fit their positions. But these people must be removed not because they were party members or because they became enterprise presidents 20 years ago as part of their careers in the party, but because they were incompetent to perform their functions.

[Weyer] But this has not brought us further ahead; you are saying the same thing the government says. At best, you are pointing your finger at some other group—you might have a smaller group of people in mind.... The essence of this matter is how this exchange can be accomplished. For example, who should make the decisions to dismiss these persons?

[Vadasz] As the president of a stock corporation with the largest ownership share I find it self-evident that the

owner should decide. Once it becomes obvious to the owner that the leadership, the president, and the chairman of the board are unable to operate his firm appropriately, if these executives do not produce enough profits or if they bankrupt the firm, he should step in as soon as possible and should relieve the leadership of its duties. One should not interfere with such decisions. In other words, the state could act in instances where it exercises majority ownership control. And it does so in many places. Except for the fact that the state is a peculiar owner. It does not use, expend, or multiply its own funds; it does so by using your money and my money. Accordingly, attacks like this in which heads roll must be strictly controlled. From my standpoint it appears as ridiculous, or even more so, outrageous, when they appoint a person to head the largest commercial enterprise in the country, a person whom no one knows in the trade, and on top, who himself tries to keep his past activities a secret. Beyond that, this person is unable to provide any substantive evidence of having the ability to lead a large commercial enterprise. This looks very bad. In such instances one feels that the exchange has not been made on the basis of economic interests, but clearly on grounds of politics or friendship, perhaps on the basis of mutual favors. Hungary has traditions in this regard; everyone has known this ever since Mikszath, of course.

[Weyer] In your capacity as vice president of the association, are you aware of many such instances? In general, what characterizes personnel changes today?

[Vadasz] Two kinds of situations exist. They either relieve a professionally competent person on political grounds, or they dismiss an incompetent person, but one way or the other, his replacement is not more competent, but more reliable from a political standpoint. I get goose pimples when I hear local party organizations announcing in a hysterical tone of voice that they are starting to fight for the dismissal or appointment of someone. Unfortunately, this kind of thing occurs nowadays, and the local party organizations are successful in accomplishing their purposes. This reminds me of the style that prevailed a few years ago when the totally incompetent, but the more arrogant, instructors of local party organizations made the presidents of enterprises jump up and down. And the presidents did indeed jump up and down, because they knew that their future depended on those instructors.... I am appalled by today's situation in which professionals from a factory argue with ruling party organizations in a given city about the choice of person to be named president.

[Weyer] Removing ourselves a bit from theory: Do you have a specific instance in mind?

[Vadasz] Of course I do, I have the Tisza Chemical Combine in mind. A situation in which a local MDF [Hungarian Democratic Forum] organization is entitled to kick out or retain a president is totally absurd.

[Weyer] Is this a general trend, or does this represent only a dozen "flagrant" instances, in your view?

[Vadasz] We must speak up when only a few cases like this have arisen. This situation presents two extremely great threats. One is that enterprises that represent great value may fall into the wrong hands and lose their value and assets. We have some spectacular examples for situations like this; for example, the case of Videoton a year ago. Another threat presents itself if we suppose that another political group wins the next election. At that point another series of leadership changes may be predicted. We may justifiably do so: Having acquired his place based on party loyalty, X or Y would become "unreliable" from the standpoint of the new ruling party. No explanation is needed regarding the effect on an enterprise of leadership changes based on political grounds, which occur regularly, on top of everything else: A new Turkish rule would dawn on Hungary! Any competent new leadership can produce results in an enterprise of a significant size only after it has been in office for a year. Let us not even discuss the other alternative.

[Weyer] But it was you who just said that the state as the owner exercising majority control has the right to kick anyone out or appoint anyone. Is it not conceivable that the state, as the owner, could also make well-founded decisions?

[Vadasz] Unfortunately, a stunning counterselection prevails even within the various executive organs [of the government], just as in the days of the party state. The difference is that one takes note of these things today as a result of illusions about a system change. And euphemistic complaints by some who "agreed to serve in a position for very low pay," which conveys the sense "of the magnitude of the sacrifice they made," make me really nervous. Let me enlighten those unaware of this matter: These gentlemen forget to mention the fact that, in most instances, they also serve as members of the boards of directors of four or five enterprises where they

supplement the modest pay they receive as government executives with compensation worth three or four times their pay. This kind of thing—the complaint, that is—amounts to more than bad taste. It is more than bad taste, the same way as coalition party representatives mentioning the modest pay they receive from parliament. Meanwhile, however, the roles to be played have been assigned: You act here, I act there. It is a shame that they are not required to publicly account for these activities.

[Weyer] How could this be done otherwise? You have spent extended periods of time on several occasions in England and Germany. To what extent is the coexistence of capital and politics more pure in those countries?

[Vadasz] The formula is rather simple in those countries: Capital supports political parties that espouse the goals of capitalists. In simple terms, they support the party that establishes a milieu friendly to enterprise, the party that allocates the tax burden in a way so that taxation practices may heat up or cool down the economy, as needed. Domestic capital is weak and divided in Hungary today. Thus it becomes more practical for individual political parties to gain influence within the still-existing state enterprises and to establish financial foundations for the next elections as a result of such influence. I can only congratulate the party that made the clever move of placing one of its leading advisers into the wealthiest and most profitable state enterprise—one that brings luck even by virtue of its name, as a result of which the advertising revenues of that enterprise's newspaper multiplied overnight, not to mention the potential that as a result of such move some huge amounts of money could flow into other foundations of this firm, all of which have partisan coloring. This kind of move is clever and immune to legal challenge, because I must assume that nothing illegal has taken place. Let me say this: We were naive on election day when we believed that the economic system change would take place by using chivalrous, pure, refined methods.

### State Proposes Changes in Local Administration

92EP0312A Warsaw PRAWO I ZYCIE in Polish  
No 12, 21 Mar 92 pp 8-9

[Article by Helena Kowalik: "Looking for a Hook"]

[Text] In as many as 20 voivodships there is friction between the party groupings and the heads of the state administration. The party leaders all reason the same way: We won the elections (no matter by what percentage), therefore we have the right to govern.

Officially no one says this loudly. The general tendency is to turn down the volume in the disputes that keep arising, because former PZPR [Polish United Workers Party] members no longer are a party to them. Irena Jankowska, from the personnel section of the Office of the Council of Ministers [URM], says, for example, that compared to the final days of the Bielecki government, when requests for removal of 40 voivodes came in, there are now fewer requests of this type. Jerzy Sulikowski, managing director of URM, told a PRZEGLAD TYGODNIOWY reporter: "We are very careful in replacing voivodes. We cannot afford to constantly replace personnel. We try not to evaluate an individual according to his party affiliation."

This sounds noble but our reconnaissance in several voivodships, supported by current press information, particularly the local press, reveals that in practice it is different.

### Lublin

Lublin voivode Jan Wojcieszczuk (who came out of Solidarity but is not affiliated with any party) learned at a press conference organized by Center Accord [PC] that he will shortly be removed. Jaroslaw Kaczynski, present at the conference, first made it clear that he is not authorized to suggest administrative changes, then authoritatively declared that a good candidate for the chair being occupied by the present voivode would be Adam Cichocki, naturally from PC.

Immediately the next day things became lively in the offices of the respective parties. Their leaders wrote declarations supporting or opposing Kaczynski's suggestions. The positions expressed in writing had one common feature—their main argument was the elections arithmetic, except that the votes obtained were interpreted differently. The Democratic Union [UD], the Liberal-Democratic Congress [KLD], the Polish Peasant Party [PSL] and the Self-Government Small Sejm [SS], stood in defense of the voivode. The Christian-National Union [ZChN], the PC, the Private Farmers ["S" RI], and the Confederation for an Independent Poland [KPN]—parties which did not enjoy great support in the Lublin lands, demanded that Wojcieszczuk be replaced. Thus far, the voivode is keeping cool.

### Suwalki

Andrzej Podchul, until 20 February still steward of the Suwalki lands, had been thinking about resigning for several months. The career of this only representative of Leszek Moczulski's party in the ranks of the voivodes, came to an end the moment that KPN did not enter into the coalition of the ruling parties. The fact that he officially suspended his membership in his preferred political organization did not help. The voivode once confided to journalists that he would not have run for this position at his own initiative, but that when he wavered Moczulski cited himself as an example. Years before, he, too had exposed himself to danger. But he did not give up even when the security force was hanging a noose around his neck. Podchul took this to mean that the public good was more important than his own comfort. He accepted the nomination for the position vacated by Franciszek Wasik, from the Mazowiecki team, who, shortly after moving to Suwalki, fell into a dispute with the local Solidarity. Thus he had to be replaced.

Podchul, it is now being said in Suwalki, hurt himself by exercising too much independence in conducting foreign policy with neighboring countries (the voivodship borders on three of them: Russia, Lithuania, and Byelarus). He talked too often to journalists about this and he achieved results too quickly, particularly in commodity exchanges. For example, he sold furniture to Byelarus and imported tractor parts from there. He sold potatoes to Lithuania, in return for which he bought cheap fertilizers, etc. When in January 1991 he was questioned, as the only candidate for the position of voivode of Suwalki, in the URM, this concept of economic development of a region (and he presented it convincingly because as an experienced banker he was familiar with currency exchange policy) was definitely his strong suit.

What he promised he tried to put into effect. Prime Minister Bielecki strongly supported him in these plans. He personally visited the border crossing with Lithuania in Ogrodniki and allocated 14 billion zlotys [Z] for the construction of a new crossing in Trakiszki. Podchul felt that he was a success.

The only thing that interfered in his work was that he could not come to an understanding with the PSL members. The green banner activists protested at the meetings of the Self-Government Small Sejm against organizational changes in the office which showed, in their opinion, that the problems of agriculture were being pushed aside to be dealt with at a later date. The voivode countered these charges, proving that the office in Suwalki is so overstaffed that the structure is actually "Byzantine." The PSL members were also irritated by the voivode's distinct weakness for the army. Podchul yearned for the return of the army to Suwalki, which before the war was a garrison town.

But it does not appear that these concrete reservations had a decisive effect on Podchul's forced resignation.

More likely it was the general castling in the country connected with the Sejm support for Prime Minister Jan Olszewski. The deputies from PSL voted "for," mindful that Bielecki's team did not admit their party into the government. But they demanded payment for the loyalty they demonstrated—the voivodship office in Suwalki.

### Opole

They say that the Opole voivode's days in office are numbered. If the gossip turns out to be correct, this will be the second replacement of the head of this region from the time of the historical change in 1989.

First Kazimierz Dzierzan left, although he was a long-awaited Silesian in this position. But he was a PZPR member and had to lose in a conflict with Solidarity. When Dzierzan learned that the Region "S" newspaper, with a formula already rehearsed in other cities (i.e., in Czestochowa): "*lost the confidence of the people*" went to the URM, he did not wait for the axe to fall. He submitted his resignation. Prime Minister Mazowiecki initially did not want to accept it, but yielded in the face of Solidarity's threat that the voivodship office building will be occupied.

Ryszard Zembaczynski, the new voivode of the Solidarity right origin, within a month of taking office disappointed those who put him there because he did not conduct a purge of management and other positions, although there were many candidates willing to cozy up for the veteran positions. It came to a test of force. The board of Region "S" demanded that the heads of all departments be fired within three days because they "did not ensure the correct functioning of this important organ of state administration." The Self-Government Small Sejm supported the voivode. The following warning appeared in the motion made by the Self-Government: We do not accept the possibility that an arrangement will be made in which one social force would decide how the voivodship is to function.

Shortly afterwards, the board of Region "S" renewed its attempts to have the voivode removed. The charge sounded menacing, though enigmatic: Zembaczynski does not guarantee that political and economic changes in the Opole lands will be made at the right times. The Solidarity mayors and village heads successfully defended the voivode, protesting that the charges against him, in their opinion, were unjust. The "Region" was insulted and did not sit down to the roundtable organized by Zembaczynski. But the attacks eased up. The voivode is incredibly energetic because there are matters in Opole which cannot be postponed. The factual partitioning of the voivodship, which does not appear on the map of the new administrative division of Poland, must be prevented. Zembaczynski does not have time, therefore, to keep looking around to see who is still lying in wait for his job. But in the Opole lands it is being said more and more that a new candidate for voivode has already obtained the necessary blessing.

### Wroclaw

The voivodship office in Wroclaw has become a scene of carnage, as deputy Wladyslaw Frasyniuk from UD put it. Voivode Janusz Muszynski was removed at the beginning of last year. URM did not give any reasons, not even to the delegates of the Self-Government Small Sejm. Mirosław Jasinski, PC member, appointed earlier as assistant voivode, took over the office of voivode. But he did not last long. Early in December of last year after an inspection of the voivodship office conducted by URM, he was removed for "creating a bad work climate and issuing inconsistent instructions." Prime Minister Jan Bielecki also took into account the resolution of the Self-Government Small Sejm: "The delegates feel that the existing situation is leading to a glaring reduction in the authority of the government administration and a deepening lack of confidence in the state which is undergoing reform."

Voivode Jasinski earned a bad reputation from the very start because, in violation of the law, he wanted to give the local GAZETA ROBOTNICZA to a friend in PC. When he was forced to leave the daily alone, he got into a dispute with his assistant, Grzegorz Schedyna. He accused him of selling an apartment that he owned and arranging the assignment of an official apartment to himself. But this was probably not so, because the prosecutor refused to enter a preliminary proceeding against him. After Schedyna was removed, as was his friend, Jacek Protasiewicz, the office press spokesman who, like Schedyna, was also a liberal, the personnel conflict turned into a political one. On one side were UD, KLD and the peasants, and on the other, the PC.

The kibitzers of the parties which opposed the voivode said, particularly in the columns of GAZETA ROBOTNICZA, that "Jasinski cannot cope with such a high office, that he is inert and that the only thing that enlivens him are the scandals fed to him by the manager of the voivodship office, Remigiusz Lenczyk, a kind of guru, coach, and spiritual leader of the voivode." Jasinski, suggest the local journalists, is a prisoner of his own party. He gets rid of even good professionals because he has to prepare comfortable places for PC veterans.

Jasinski's defenders (there are not too many of them and all are job dependent upon him) perceive their boss as being modest and consistent. They explain the lack of work results as being due to a lack of money. As proof that the voivode has support locally, they show a letter that the mayor of Olawa sent to President Walesa requesting that he be presented this person because "he is a person of great knowledge, skilled in solving difficult problems and making the right decisions."

Nevertheless, Jasinski was removed at the beginning of December of last year. Grzegorz Schedyna took over his office. But scarcely a month passed when he received a telephone call from URM to return his official car to his former boss. The next day the voivode saw Jasinski in URM at a conference of voivodes. The same day he

learned from minister Wojciech Wlodarczyk that Prime Minister Olszewski had annulled his predecessor's decision removing Voivode Jasinski.

Two days later Schedyna received his dismissal notice. Immediately after packing up his things the voivodship office press spokesman, Jacek Protasiewicz (who was returned to his job during the Schedyna term of office) did not conceal his disapproval of Jasinski's actions. The restored voivode announced at a press conference that some of the things said about him, sent by the gentlemen from UD, KLD and PSL, have the features of a criminal offense, therefore he will ask the prosecutor to initiate explanatory proceedings.

Senator Polomski, a professor of law, spoke in behalf of UD, KLD, and PSL, declaring that the prime minister made a decision which is faulty and which conflicts with Article 5 of the law on territorial representatives of the general administration, which provides that a candidate for voivode must be passed upon by the Self-Government Small Sejm.

The senator supported deputy Wladyslaw Frasiński, calling such a method of filling state positions, communistic. The leaders of the parties attacked by the prime minister said that they would enter a complaint regarding the prime minister's decision to the Supreme Administrative Court.

#### Radom

A question mark hangs over Jan Rejczak, Radom voivode. Jan Lopuszanski from ZChN set his cap for that job. He accused the voivode of making decisions which do not comply with the program of development of Radom lands. At a press conference, Rejczak declared that he does not know what the deputy is talking about and therefore will not enter into any kind of discussion.

The speaker of the Radom Self-Government Small Sejm throws more light on this conflict. He said that what is happening now in his town is the usual battle for the spoils. The party that won the elections believes that the best posts should belong to it. Everything points to the fact that that representatives of the self-governments are right. Jan Lopuszanski, so far, has not made a single concrete charge against Rejczak. On the other hand, he admitted that in a letter to the prime minister he demanded that the voivode be removed.

The deputy undertook a difficult task because his opponent, designated by the Citizens Committee, was for years an activist in the Catholic Intellectuals Club and is still in close contact with the curia. Furthermore, Jan Rejczak deplores the fact that he cannot learn more about Lopuszanski's program because he is very familiar with all ZChN concepts. The deputy retorted in the regional GAZETA WYBORCZA that the voivode should "stop prattling in public."

The voivode indeed became silent, however his assistant casually mentions that Lopuszanski rejected the proposal that the ZChN people take over a few positions in the voivodship office. Apparently the ZChN leader wants to have it all.

#### Czestochowa

In Czestochowa too, Solidarity has been stalking voivode Jerzy Gula for many months. Gula, by the way, was elevated to this position precisely by Region "S." Early in 1990, when the present voivode took the place of a PZPR member (he was removed in a manner which embarrassed even some of the Solidarity activists), nothing indicated that he would quickly fall out of favor of the only, at that time, correct political force. Gula dedicated the voivodship office building, contaminated by the "reds," announced a pilgrimage of voivodes to Jasna Gora, and set up a hotline with the curia, by which he reported all of his moves, particularly those involving personnel. The activists in the region also sprinkled the holy water, but greed for power was not foreign to them. An attempt was made to publicly compromise Gula. He was accused of scheming in regard to his apartment—that he sold one that he owned and applied for a new one.

It seems that the voivode's days were numbered, but along came the elections in which the Czestochowa Solidarity remained far in the rear. The siege on the voivodship office weakened. For how long, the next few months will tell.

Similar reports are coming in from other voivodships.

The board of Region "S" in Chelmno has voted three times already on a motion to remove Eugeniusz Wojcik (no party affiliation). Thus far, the initiators of the change have not been able to obtain a majority of votes, perhaps because in the last elections this political force ended in last place.

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The voivodship musical chairs game is already being talked about in the Sejm. The losers are protesting—mainly the Union deputies who are indignant that the planned ZChN decommunization, or the "rebuilding of the state structures" voiced by PC, is in practice nothing but a race for high positions.

"Is it true," asked Anna Urbanowicz (UD) at the plenary meeting, "that in exchange for giving our votes to Olszewski's government, the 'coalition of five' obtained a promise that several voivodship positions would be filled by their members?"

"Before our very eyes a party state is being born," added deputy J.M. Rokita (UD).

The Union's holy indignation was met with an immediate retort from deputy Marek Jurek (ZChN). "I remember very well," he said, turning towards Tadeusz



Mazowiecki, "when you were in the government and took advantage of your superiority to fill political positions with your people."

The reprimand, not entirely incorrect, quieted some of the Unionist complaints. The volume went up when it came to the resignation of Deputy Minister Joanna Stareg-Piasek, badgered for being of the wrong political origin. This time the members of PKUD [Parliamentary Club of the Democratic Union] closed ranks, calling upon the political victors to come to their senses. Reform can only succeed—referring to the universal truth—when positions in the state administration are filled according to professional qualifications and loyalty to the state.

Deputy Jozef Turko (UD) said in principal: "We cannot and will not look calmly at what ZChN is doing in filling positions from top to bottom with their people."

The members of parliament were supported by the speakers of the voivodship sejms, which met recently in Poznan. In an appeal which was issued they expressed concern about the destabilization of authority and the enormous costs of the musical-chairs game.

The prime minister did not respond to the protests, however the head of URM, Wojciech Wlodarczyk, announced at a press conference that the government will strive for a complete reconstruction of the administrative apparatus, because the present one, growing "essentially out of the substance of the old system, is totally unsuited to the present and future reality."

#### **Senate Bureau Delineates Defense Responsibility**

*AU2304134392 Warsaw NOWY SWIAT in Polish  
14 Apr 92 pp 1-2*

[Report and commentary by Zbigniew Lipinski: "Opinion by the Legal Bureau of the Senate: The President Without an Army"]

[Text] We present a legal opinion on the powers of the Polish president and defense minister concerning the army and national defense. The document was produced by the Legal Bureau of the Senate Chancellery.

The Constitution of the Republic of Poland is the legal document that defines powers vis-a-vis the army. It states that the president guards the sovereignty and security of the state and the inviolability and integrity of its territory, and observes international political and military alliances. The president is also the head of the Polish Armed Forces. He chairs the National Defense Committee (State Security Council). He decrees a state of war, but only when the Sejm is not in session. In time of war, he appoints a supreme commander of the Armed Forces. Finally the president, according to the Constitution, may introduce martial law and order mobilization, or declare a state of emergency, for up to three months. This is the Legal Bureau's opinion concerning the above-mentioned constitutional provisions:

"The powers of the president as defined in points four through seven are relatively clear and raise no doubts, that is to say, they do not conflict with the powers of other organs. Their fault is no doubt the fact that the extent of the president's right to avail himself of these powers is not defined by law. In particular, the extent of the president's right to restrict civic rights and liberties and the operations of state agencies and the state administration are not defined.

"The powers of the president as defined in points one through three are ambiguous, and are more ceremonial than practical. Other legal instruments only give a very narrow definition of these powers. The 21 November 1967 law on the general duty to defend the Republic of Poland states that the president, as head of the Armed Forces:

'1. Defines, on the recommendation of the minister of national defense, the developmental priorities of the armed forces and of their preparation to defend the state;

'2. Appoints and dismisses, on the recommendation of the minister of national defense, the chief of the Polish Army General Staff and the commanders of the military districts and the individual branches of the armed forces.

'In addition, the president, as chairman of the National Defense Committee:

'a. Directs the work of the committee;

'b. Issues directives on matters relating to the scope of the committee.'

"In addition, the 13 December 1991 decree by the president of the Republic of Poland concerning the composition and method of functioning of the National Defense Committee states that the purpose of the decisions made by and the activity commenced by the president is to implement the resolutions of the committee. In practical terms, considering that the committee is an informal body, the resolutions are usually adopted by a majority of votes, and the president is merely one of the members of the committee. The rules in this respect give the president no particular powers apart from the ceremonial function of chairman of the committee.

"The situation is similar in regard to the president's position as head of the armed forces. The abovementioned powers of the president are not absolute; they depend on the opinion of the minister of national defense. The legal regulations do not give the president any other specific powers.

"Taking all the above into consideration, it must be said that all the actual powers concerning the army and national defense belong to the Council of Ministers.

"On the basis of the regulations presently in force, one must conclude that any legal activity of the Council of Ministers or minister of national defense that does not

violate the Constitution also does not violate the president's powers, because in fact, the president does not possess such powers. In order to strengthen the president's role as the supreme representative of the Polish people in domestic and international affairs, one should either alter the rules or work out a political pattern for relationships between the president and Council of Ministers in matters concerning the army and national defense."

As one can see, the Legal Bureau of the Senate Chancellery defines the powers of the president and defense minister quite clearly. If the president may appoint or dismiss the chief of the Polish Army General Staff solely on the defense minister's recommendation, then why did Ministers Wachowski and Milewski from the Presidential Chancellery talk to General Tadeusz Wilecki without Defense Minister Jan Parys' knowledge and offer Wilecki the post of chief of general staff in exchange for his support? After all, one does not break the law on the minister of national defense without good reason.

The Commission of Constitutional Responsibility should examine the encroachment of Mieczyslaw Wachowski and Jerzy Milewski upon the powers of Defense Minister Jan Parys. Only this commission's members, who are also Sejm deputies, are competent to judge whether or not two colleagues of Lech Walesa, who are ministers, should face the State Tribunal.

#### **Finance Minister on Antirecessionary Budget**

92EP0335A Warsaw GAZETA WYBORCZA in Polish  
1 Apr 92 pp 10-11

[Interview with Minister of Finance Andrzej Olechowski by Alina Bialkowska and Jan Bazyl Lipszyc; place and date not given: "We Must Be Unorthodox"]

[Text] [GAZETA WYBORCZA] It is not easy to be minister of finance after Leszek Balcerowicz. Do you feel that you are his continuator?

[Olechowski] Yes and no. I am an advocate of disciplined monetary policy, which does not mean that I am a monetarist. I believe that the state's presence in the economy should be broader and more practical than that which Balcerowicz practiced. There will probably be more differences, for instance, in the currency policy. But it would be hard to say whether there will be differences in relation to the early, middle or late Balcerowicz. After all, the economic policy evolved.

In no country is it easy to be the minister of finance. Anyway, Balcerowicz was something more than a minister. He was the deputy prime minister responsible for the entire economy.

[GAZETA WYBORCZA] And do you feel the shadow of Balcerowicz in this building?

[Olechowski] Yes, of course.

[GAZETA WYBORCZA] Would you take him as your adviser?

[Olechowski] I met with him after I was made minister of finance. He asked then, before he left for the United States, whether he could be useful in any way. I think that I can always ask him for advice.

[GAZETA WYBORCZA] Your predecessor, Professor Lutkowski, in resigning, made it understood that there was no atmosphere in the government for making decisions which would guarantee the state's financial stability. Is that the understanding now?

[Olechowski] There is not only an understanding, there is an identification with such a policy. The draft budget was accepted by the government, therefore it approves the form of financial policy contained in the budget.

I do not know whether it was different at the beginning, although I cannot exclude this. But I think that it is not enough to have specific views. One must work energetically to have them recognized and know how to compromise at times.

#### **Rejects Printing of Additional Money**

[GAZETA WYBORCZA] What are the limits of the compromise that you, as minister of finance, will accept? What ideas for the economy are totally unacceptable to you?

[Olechowski] The limits of the compromise are namely this budget. It contains specific points which cannot be exceeded. For example, a larger deficit would cause prices to go up too high.

For "purely religious" reasons, I reject the idea of printing money, or other crazy notions, such as doubling people's wages. With the present potential of our industry, an increase in demand in our country would mean more import. We would have to close our borders, therefore, and after all, we would like to be able to choose our commodities.

[GAZETA WYBORCZA] Does the possibility of compromise end where the budget ends?

[Olechowski] The budget is only 25 percent of the national income. Outside of the budget there are entire areas which remain untouched. We have to do something, for example, about houses. I am even ready to talk about distributing them, if this would not bankrupt the General Savings Bank-National Bank.

We are also looking for methods to clear the debts of the economy. In some matters we have to be unorthodox.

[GAZETA WYBORCZA] Do you agree with the opinion that your coming into the government tipped the scales? Previously the government could not decide whether it should be more "populistic" or "monetaristic."

[Olechowski] I do not know how to answer that. From the beginning I had no problems in communicating with my colleagues in the government.

[GAZETA WYBORCZA] How do you explain the fact that in presenting opinions sometime stronger than those of your predecessor, you were able, without any great difficulty, to come to an understanding with Minister Eysymontt, with whom Professor Lutkowski could not find a common language?

[Olechowski] You will have to ask them that. Maybe they did not talk to each other enough. For me, Minister Eysymontt is not at all populistic.

#### Fellow Travelers

[GAZETA WYBORCZA] As minister of finance, do you believe that expansion of the government coalition is essential?

[Olechowski] It is not at all important to me whether this will be a government coalition or an alliance struck in parliament. What is important, however, is that this be a coalition which produces two-thirds of the votes in parliament, and not 51 percent.

The budget can limp through the Sejm with a minimum majority, but in order to implement it we must have the tools. Either we get special powers—for which a two-thirds vote is needed—or the Sejm will take it upon itself to quickly make a few dozen changes in the laws.

We still have two verdicts of the Constitutional Court, which if accepted by the Sejm would be disastrous for the budget. A two-thirds vote is also needed to reject them.

[GAZETA WYBORCZA] On which grouping would you count the most?

[Olechowski] I do not know how to determine, based on the declarations of the various parties, what their positions really are. First I hear a strong declaration by the Confederation for an Independent Poland (KPN) deputies that the budget submitted by Olechowski will in no case be accepted. Then I hear that this budget is not so unreasonable. I do not know, therefore, whether their position is one based on principle, or whether it is simply a tactical one.

I also hear the declarations of the Democratic Union economists that the budget is reasonable, but deputy Osiatynski severely criticizes it. So again I do not know whose opinion is binding. Perhaps this is a case of tactics: If the government comes to an agreement with the Union, this will be only deputy Osiatynski's opinion, and if it does not, then deputy Osiatynski's position will become the Union's position.

Paradoxically, those who say most openly that the budget is in order are the liberals. But the government, in turn, says that it does not want them in the coalition.

[GAZETA WYBORCZA] With whom would it be easier for you to come to an understanding—the Union or KPN?

[Olechowski] Absolutely with KPN.

#### Struggling With the Recession

[GAZETA WYBORCZA] The budget is also being criticized by those who would have to support it in the Sejm later. Everyone believes that it is not sufficiently antirecessionary, that it lacks the mechanisms which are supposed to halt the recession.

[Olechowski] That depends on what one understands by mechanisms which will halt the recession. The most universal and simplest instrument are taxes, and we are using them.

The budget income is 25 percent of the planned national income. It was about the same last year. This is one of the lowest indicators in Europe. In Hungary, the budget collects 55 percent of the income.

Not raising taxes and approving the deficit is an antirecessionary measure. Furthermore, we are concentrating on indirect taxes (sales) and not direct taxes (income). We are not putting a great burden on the producer. And in midyear we will reduce the dividend.

[GAZETA WYBORCZA] Already last year a large number of enterprises did not pay into the budget. Last year's arrears total over 20 trillion zlotys [Z]. What guarantee would you have that a higher tax would be collectible at all? Maybe this is not a favor but a hard necessity, because we would not get it anyway.

[Olechowski] We can turn that around; we do not raise taxes so we are acting antirecessionarily. Budget reform is aiming for the same goal. Spending money more efficiently is also an antirecessionary action. There are also the housing programs, the program for clearing the economy's debts, and the small credits for the countryside, which in my opinion, will also stimulate the economy. We see this as a series of impulses which will enter into the economy and break the apathy.

These types of things will have a revivifying effect, but only if another, very antirecessionary, move is made—stopping the growth of wages.

Public opinion will take this as an action which exacerbates the recession, because people identify recession with wages. Meanwhile, if we are able to halt the growth of wages this year, we can count on a renewed growth of export. Domestic demand will not fall. It will remain at the same real level as last year. In other words, the growth of export will be added to the production for the country, which will give us a growth of production.

#### Break the Social Apathy

[GAZETA WYBORCZA] The people will not look with affection on the government for stopping wage growth.

And here is a separate problem. We already said how the government can try to come to an understanding with the Sejm, and we agree that this is difficult, but realistic. But will the government be able to come to an understanding with a society which no longer believes it? Anyway, this government is not without fault because, especially at the beginning, it aroused certain hopes.

[Olechowski] As seen from public opinion studies, it is really not that bad with the government. Confidence, faith that this government can do something useful, seems even to have grown. But its credibility is low. Both in this country as well as abroad. As a matter of fact, it fell about the middle of last year.

Definitely, there will be great dissatisfaction in the budgetary area due to lack of growth of budget expenditures—but that is not all there is to it.

[GAZETA WYBORCZA] The state enterprises, too, will be dissatisfied.

[Olechowski] Maybe thanks to budget reform we will gain the satisfaction of the other taxpayers, who pay into the budget.

After the program for clearing the economy's debts is introduced, and we will start any day now with various ideas concerning, e.g., the shipyards, perhaps we will be successful in breaking through the feeling of helplessness in those sectors which seem to be surrounded by a spiderweb which constrains their every move. That should also arouse hopes in other sectors.

But this will not take place without hard decisions and bankruptcies.

#### Will the West Help Patch the Hole in the Budget?

[GAZETA WYBORCZA] Many economists say that so large a deficit cannot be financed out of domestic sources. And also, that in reality, it will be larger than planned.

[Olechowski] If we are not able to finance a large part of the deficit with money from abroad, then we will not be able to hold inflation to the promised level. More money will have to be taken out of Polish banks, which will reduce their ability to grant credits. Thus the situation of the enterprises will become worse, and this means a continuation of the recession.

[GAZETA WYBORCZA] Judging optimistically, what portion of the deficit can be financed from foreign sources?

[Olechowski] In the form of direct loans for the budget, about \$1.5 billion (approximately Z20 trillion), in the form of credits for the National Bank of Poland, half a billion. This latter sum will expand the financial potential of the entire public sector.

[GAZETA WYBORCZA] Do you believe that this government is able to defend this budget, jointly and severally? The utterances of some of the ministers, particularly Kropiwnicki, suggest that it is not.

[Olechowski] I do not see a situation in which the ministers would not speak with one voice. In my opinion, there are no such differences at this time.

#### Local Revolution

[GAZETA WYBORCZA] Mr. Minister, both of the previous teams were criticized for guiding most of the processes going on in Poland, from the "top." Do you not plan to begin a serious debate on increasing the jurisdiction of the local authorities, and consequently, changing the financial structure of the state?

[Olechowski] That is essential, without that we will not be able to do anything. I do not imagine that in Poland the system of education, health protection, or social assistance, would be monolithic. Everywhere in the world there are gminas that are poorer and wealthier. Everywhere, it is nice to be unemployed in a wealthy gmina, and not nice in a poor gmina. A school in a wealthy district also looks better than a school in a poor district. That is how it should be in Poland also. The state can ensure a certain standard, but this standard is and will be for a couple of years, very low.

The local society must be able to exert an influence on education, the health service, and all social assistance, except, of course, pensions and annuities.

[GAZETA WYBORCZA] When can we expect such a revolution?

[Olechowski] It has already begun. It is already recorded in the budget. The voivodes are gaining more ability to transfer money between departments, which until now was very limited.

I know that there is little of this money, but I do not know a country in which reforms were made when there was a lot of money. Lack of money forces reforms to be made.

#### National Salvation Budget?

[GAZETA WYBORCZA] What will happen if we do not stay at what is so nicely called in the justifications to the budget, "zero growth"? What kind of scenario do you then see for Poland?

[Olechowski] One scenario is that the government has the tools which we are now asking the Sejm to supply us, and initiates reform in those sectors which require it. But in the end, i.e., 31 December, it turns out that despite the fact that certain intentions were realized, their effects were overestimated. But something was done and is beginning to function. That is the lesser defeat. And the greater defeat is if we do not put through reforms and the budget simply slips out of control.

In the first case, we exceed the deficit, but there is hope for the future. In the second case, there is none.

[GAZETA WYBORCZA] The World Bank proposes that this budget should be looked at in terms of either-or. Therefore, I suggest the name, "national salvation budget." Is this year really so important for Polish reforms?

[Olechowski] No. I believe that there is room for maneuver. It does not seem to me that a national salvation slogan is necessary. If it were, we would have to come out with budget expenditures below the planned Z400 trillion zlotys. Then we could use the solidarity slogan, appeal to the whole nation, to a feeling of common good. We are not doing this.

[GAZETA WYBORCZA] How do you rate the budget's chance in the Sejm?

[Olechowski] My impression is that it will be approved.

[GAZETA WYBORCZA] What will you say on 3 April in the Sejm during the first reading of the budget? Do you have some kind of special introduction prepared that might incline the deputies to approve the budget?

[Olechowski] Everything was said in the justification to the budget. The numbers are what is most important. I can put a certain light on them, but this would be only a verbal display. I will not think up another slogan, because that is not what this is all about.

[GAZETA WYBORCZA] How about a budget of "credible hope"?

[Olechowski] Yes, that is what we are clinging to.



### Macedonian Situation, Possibility of War Examined

92BA0810A Paris LE MONDE in French 15 Apr 92  
pp 1, 4

[Article by Ives Heller: "Skopje Anxious for Recognition"]

[Text] Skopje—The "Macedonian affair" has provoked a crisis in Greece, where Minister of Foreign Affairs Antonis Samaras was dismissed on Monday, 13 April. Mr. Samaras' opposition to the recognition of former Yugoslav Macedonia—or at least the independent republic of Macedonia—places him in conflict with Conservative Prime Minister Constantinos Mitsotakis. The European Community is expected to end what Skopje terms its "diplomatic boycott" in May.

"EC = Whore." This commentary appeared on a wall in Skopje the day after a new EC refusal to recognize former Yugoslav Macedonia. While it may be blunt, its authors did exercise some discretion. Written in Cyrillic with red paint, it was prudently placed in a dark corner, mirroring distantly the discretion with which the red flag with the yellow star was raised on the Greco-Macedonian border. The Macedonians are torn by conflicting emotions. After several months of independence, which they alone of the seceding republics of the former Yugoslav Federation obtained without a fight, they no longer know what to do. The problem is that they are also more or less alone—aside from Turkey and, somewhat ambiguously, Bulgaria—in accepting their independence, with the EC postponing recognition from month to month, and Greece stubbornly opposed.

Resentment, hope, resignation, and internal revolt mix and intermingle. No one of these reactions has as yet claimed a decisive victory.

Nevertheless, in addition to a certain, widely shared feeling of humiliation, one emotion dominates in Skopje: the fear of internal rifts and external aggression, both carefully avoided until now, if this ambiguous situation continues. "Europe is doing everything to cause trouble here," according to the number-two figure in the Macedonian government, President of Parliament Stojan Andov, who is surprised that "Europe has shown that it only recognizes those who wage war and not those who choose a peaceful, democratic path." "We will continue to wait. We will not let war happen here," according to Mr. Andov, who is a close adviser to President Kiro Gligorov. He nevertheless expressed doubt: "We shall see whether we can maintain peace and democracy" until May—the presumed date of a new attempt at recognition by the Twelve. In the population at large, others echo these remarks more bluntly: "Slovenia waged war, and so did Croatia. Now it is Bosnia-Herzegovina's turn to have to fight. And all three have been recognized internationally. Macedonia has managed to avoid any conflict, and it continues to be excluded by the international community. You can only

conclude that the international community waits for blood to be shed before it acts."

### Neighbors With a Vested Interest

"If we do not obtain recognition, there will be war," in the pessimistic opinion of a diplomat and close collaborator of Macedonian Minister of Foreign Affairs Denko Maleski, for whom "recognition is necessary for three reasons, beginning with the presence of neighbors who have a vested interest in pursuing interventionist policies in Macedonia: Albania, Serbia, Bulgaria, and Greece. Furthermore, at the domestic level, there is a danger that extremists, both Macedonian and Albanian, will gain influence, which can only make the present situation more uncertain. Lastly, the current de facto embargo by the Serbs and the Greeks dramatically handicaps the Macedonian economy, which has reached the point where the economic strangulation of the country is in danger of provoking social unrest, which the extremists will be able to use to their advantage." According to this diplomat, international recognition of Macedonia "will make it possible to consolidate the government in Skopje, stabilize the situation here, and short-circuit our neighbors' ambitions." Without it, in the opinion of this diplomat—widely shared by Macedonian reporters and politicians—"the ambiguity maintained by non-recognition could encourage adventurism in any form, not only internationally but on the domestic level as well, and present Macedonia as a territory that is 'free' for the taking."

While the government of Mr. Gligorov, who long advocated maintaining the Yugoslav Federation or instituting a confederation, has until now preserved Macedonia from the fate of the other three republics that seceded from Yugoslavia—Slovenia, Croatia, and Bosnia-Herzegovina—there are still dark clouds over Macedonia. One is the "Albanian problem." The Albanian community, which represents between 20 and 30 percent of the country's some 2 million inhabitants, is divided as to its future. Some are calling for complete equality between Slavic Macedonians and Albanian Macedonians within a "republic of citizens, and not a republic based on nationality." Others advocate "political and territorial autonomy" for Albanians in Macedonia (most but not all of whom are concentrated in the west of the republic). Both express frustration at the attitude of the authorities in Skopje, who, they say, are not responding to the demands of either side, particularly with regard to education, and who are still too obviously taken up with "Macedonian institutional nationalism."

In its defense, Mr. Gligorov's government counters with the argument of the "certificate of good conduct" it received from the EC arbitration commission on the status of minorities in Macedonia, chaired by former French Minister of Justice Robert Badinter. The Albanians share minority status with the Turkish, Serbian, and Romany minorities that people the republic. "The problem with the Albanians is that they do not want to consider themselves a minority," President Gligorov

complains, emphasizing that "the Albanians nevertheless enjoy full equality (with Slavic Macedonians), in addition to cultural protection."

In any case, it is almost impossible to ascertain the proportion of autonomists and integrationists within the Albanian community. The results of a referendum organized this January by the two major Albanian parties, the Party for Democratic Prosperity (17 deputies) and the People's Democratic Party (5 deputies) have been contested. While the two parties claim that 99 percent of Albanians voted for autonomy, many in the Albanian community cast doubt on this figure and maintain, on the contrary, that the referendum was a total failure.

#### For or Against Autonomy

Nevertheless, in the "Albanian Assembly," a 36-member body composed of deputies and representatives of communes with an Albanian majority, the Party for Democratic Prosperity and the People's Democratic Party are still debating the ways and means of achieving a "political and territorial autonomy" that would totally exclude the leadership in Skopje, on the belief that this would be a prelude to the division of Macedonia and the creation of "Great Albania." "Demanding Albanian autonomy leads to separatism, and we cannot accept a proposal that includes the division of Macedonia," according to Mr. Petar Gosev, formerly head of the Macedonian Communist Party and now one of the leaders of the Social Democrat Party backing President Gligorov.

Party for Democratic Prosperity leaders themselves admit that the party leadership is divided between champions of autonomy—said to be in the majority—and supporters of greater integration for Albanians. A third Albanian party favoring the second option, the Democratic Alliance of Albanians-Liberal Party, has just been formed. Its proponents, who oppose any notion of autonomy, advocate "a unified Macedonia, belonging to all of its inhabitants regardless of origin and transcending an obsolete past in order to look only to the future."

For the present, all sides, whether in favor of autonomy or total integration, claim "to want to continue along the path of dialogue" with the authorities in Skopje in order to settle the problem of the future of the Albanian community.

#### Terrorist Ideas

However, many members of parliament of Albanian origin complain of a reciprocal "lack of confidence." Fearful of mounting discontent, they worry that an impasse in the discussions could bring an increase in the number of Albanian irredentists, or extremists. Already, according to Mr. Eshref Aliu, president of the Albanian parliamentary group in the Assembly in Skopje, "the (Albanian) deputies are being criticized here and there for not getting anywhere, and activists are beginning to call for us to change our methods, saying that there is no use in talking with the (Slavic) Macedonians."

While, in the words of Mr. Aliu, there "is as yet no great danger" in the immediate future, the problem is still "hot" enough in the region to carry the risk of conflict, as proven by certain attempts at manipulation. One of the latest to date was the very recent announcement in the Serbian press of the proclamation of an "autonomous Albanian republic" of Macedonia. Based on statements supposedly made by an Albanian deputy—he subsequently denied them—this announcement turned out to be a complete hoax. Nevertheless, it sowed brief confusion within the Albanian community and among certain Macedonian leaders, who immediately issued numerous statements condemning any hints of separatist tendencies.

The possibility of a surge in extremist Macedonian nationalism is also of concern to leaders in Skopje, most of whom have made their political careers in the (Communist) Yugoslav institutions, at the federal or local level. Despite all the denials of its leadership, the VMRO (Internal Macedonian Revolutionary Organization) could provide the vehicle. This party was recreated in June 1990 from the ashes of a VMRO originally founded in 1892 for the purpose of freeing Macedonia from the Ottoman yoke. The VMRO left a mark on its era, particularly the years between the two wars, through the terrorist methods of its famous *comitadjis*.

Although the leaders of this party—the most powerful in Macedonia, with 38 deputies out of 120—have exchanged their bombs and revolvers for a suit, tie, and briefcase, some here suspect them of having neither abandoned the old violent traditions of the mother VMRO nor betrayed their past friendship with Bulgaria; Sofia may have recognized the republic of Macedonia, but it did not recognize the Macedonian people. This is slander, according to its young chairman, Mr. Ljubco Georgievski, who maintains that the VMRO has broken with that aspect of its past, does not espouse the "terrorist ideas" of its predecessor, and intends "to continue to play the parliamentary game."

In response to his critics, Mr. Georgievski says that if parliamentary democracy is in danger, it is because of "the Communists," who, he claims, still govern Macedonia and have done nothing to liberalize the republic, either politically or economically. The chairman of the VMRO sees "no change with respect to the old Communist system" and deplors the fact that "the old (Communist) leaders still occupy the same posts." "The time has come for early elections," he said. On this issue, he is joined by Mr. Gosev's Social Democrats (formerly the Communists, 32 seats). Convinced that the VMRO is losing momentum and will not be able to repeat its success of November 1990, they propose holding elections in June.

By then, leaders in Skopje very much hope that Europe will have conquered its "irrational fear of Greece," in the words of Mr. Gligorov, which up to now has prevented international recognition of Macedonia. Meanwhile, the citizens of Skopje will continue to spend their evenings

glued to their television sets, anxiously watching the images of the civil war in Bosnia-Herzegovina and hoping that they will not be swept away by the storm.

### **Serbian Assembly President Bakocevic Criticized**

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[Article by Stojan Cerovic: "Aleksandar Bakocevic, Speaker: Power of the Head of the Chamber"—first paragraph is VREME introduction]

[Text] Professor Unkovic, the first president of this assembly, did manage to preserve a little of its dignity and seriousness, which was, I believe, the main reason that he was replaced. Milosevic came up with the idea—one worthy of Caligula—of replacing him with Bakocevic.

"Shame on you!" It is high time that someone says that to someone else in Serbia, especially in its Assembly. There are actually not that many people here who can say such a thing, and if things were not as they are, then this moral arbitrator would in fact be the president of the Assembly. But when Aleksandar Bakocevic used those words to rebuke a deputy from the Democratic Party, that part of the public that is still capable of feeling disgust was presented with a good opportunity. Because it was the youngest deputy in the Assembly, who for that very reason has the least cause to be ashamed of anything, while on the other hand it is probably true that in all the former communist countries there is not one functionary who would have less of a right to express moral reprimands.

According to a metaphorical statistic, a person in power is corrupted 6 percent a year. The current head of the Assembly chamber in Serbia probably no longer remembers exactly when he began, how many offices he has moved around among, and where all he has been director, president, chief, and manager. Digging through this sort of biography is a vulturelike job, dull and unpleasant, even if the owner of that biography is clearly the person who over recent months has taken up the largest amount of television time and who irritates the public so much through his unjustified sense of dignity. One need only recall all the communist turnarounds and upheavals, when almost entire leadership teams were changed, when no one who held whatever position, or who was simply unable to sense the change in the balance of power in time, could survive. Even then, of course, there was no mention of what was shameful and what was not. Anyone who went through all that and calmly emerged to preside over the multiparty Assembly must be immortal.

It is believed that parliament as a form of conducting public affairs was first established in Iceland, far, far away from the Balkans. No one here has much experience in running this sensitive instrument, especially in a multiparty system, and this is the only system to which the world accords legitimacy. The authorities in Serbia

wanted neither parties, nor elections, nor this sort of parliament. They agreed to these things under pressure, but it seems that many believe that this is not for the Serbs, that it is only temporary, that this institution should be compromised rather than perfected, in order that the people themselves realize that all of this serves no purpose.

It turns out that this end is also served by the live television broadcasts from the Assembly, something that the opposition barely achieved through its efforts. Unexpectedly, the presence of cameras seems to have exhilarated a large number of deputies instead of making them behave, while some of them, such as Vojislav Seselj, appear to be mocking the very idea of parliamentary debate with every remark.

Professor Unkovic, the first president of this assembly, did manage to preserve a little of its dignity and seriousness, which was, I believe, the main reason that he was replaced. Milosevic came up with the idea—one worthy of Caligula—of replacing him with Bakocevic. Even if the opposition were incomparably more numerous, it would be neutralized and finished off by the very fact that it has been forced to treat him with respect, to listen to his lectures and warnings, to accept him as an arbitrator. In this way, they are deprived of any potential moral advantage. Because if Bakocevic can reprimand someone, then anyone can do so to anyone else, meaning that no one can. All differences are wiped away, everyone becomes an accomplice, everyone loses their dignity, and the parties and parliament itself are gradually stripped of all meaning.

In this general degradation, the people themselves are also compromised, because the parliamentary deputies are their elected representatives. The citizens lose orientation; they do not know for which and to whom they gave their votes the first time, nor whom they should support the second time around. And above all else, everyone is aware of the fact that power lies in the hands of the president of the Republic anyway, not in the hands of a parliament where deputies can squabble and insult each other to their heart's content, completely free of obligations. Only the president remains untainted in all of this.

The post held here by Bakocevic is called "speaker" in the British Parliament. Throughout the long history of that institution, many speakers have paid the ultimate price for upsetting some party through their arbitration, and one whole wall at the speaker's residence is adorned with portraits of these unfortunate souls. This is why particular attention is given to the choice of speaker, who wields a great deal of power and who should be a person of unquestionable moral integrity. But it is still the custom for representatives of the parliamentary majority and minority to drag the newly elected speaker to his dangerous chair while he resists.

The fact that it is not easy to transplant British customs here can be seen in the example of Bakocevic, whom the

SPS [Socialist Party of Serbia] and the opposition would certainly pull in opposite directions. But if the government here were really interested in a multiparty assembly, then the post of president of that assembly would not be held by a man who has spent his entire life and gained all his experience going with the flow of a different type of system. All of those who are worried about Serbian dissension should think first of all about how to find someone for the post of Assembly arbitrator who is acceptable enough to everyone and who enjoys undisputable public esteem. Bakocevic, however, is a living symbol of the continuity of the regime.

He was not leading the session when Seselj promised to expel all Croats from Serbia, but there is no reason for us to hope that he would have reacted differently than Vice President Jokanovic, because he had previously permitted a vote on a similarly scandalous and unconstitutional proposal on prohibiting the return of anyone who had left the country fleeing the war. Seselj has already become a separate parliamentary institution of the sham opposition, something like a devil's advocate, who makes the entire moral tumult even more picturesque. Besides waging war against the democratic opposition for the government's benefit, his own extremism provides a cover for the extremism of the ruling party, which can then be depicted as moderate. The problem, however, is that Seselj is very effective at this, that the media are playing into his hands, that an atmosphere of lawlessness is spreading around Serbia, and that he is beginning to threaten even Milosevic himself, because he promises an even easier, faster, and shorter course.

But that contest has not yet begun, and it is questionable whether it ever will. The public is gradually realizing the extent to which Milosevic's policy has been defeated; a few more ostensible hopes are continually abandoned, and nonexistent perspectives are announced. Regardless of how much Seselj has rightly pinned his hopes on people's short memory, his defeat would by necessity turn out to be even greater, because he has promised an even greater Serbia, has threatened war against everyone around us, and has provoked the entire world even more

directly. When Milosevic let it be known that he considers only Seselj to be uncorrupted, and thus the only worthy successor, he meant to say that he himself is apparently irreplaceable.

The time is coming when it will become evident how shortsighted and dangerous the compromising of the parliament has been. At a moment when policy is breaking down, of wartime defeat, of economic and social collapse proceeding at a dizzying pace, when no assistance whatsoever can be expected from any quarter, the country essentially lacks a parliamentary alternative. As much as Bakocevic and Seselj have furthered the blocking of the opposition, it too has thwarted itself equally through its stubborn insistence on sitting in this sort of parliament. The area has now been almost entirely vacated; everyone is more or less discredited, and everything is in God's hands.

There is no good way out of this, especially since there appear to be too few people in the Serbian elite who are willing to draw serious conclusions and lessons from Milosevic's adventure. Forgetting and falsifying history is one of the essential factors in the formation of a nation, a French historian has asserted. In recent years, a major effort has been made here to create various false images about Serbia and the Serbs; an entire mythological construction has flourished about a nation cultivating the kingdom of heaven which in no regard resembles that which was previously known about the human race.

The purpose of this propaganda is to draw people's attention away from life and from questions about where the money is, or rather why they have so much of it. A heavenly nation should not concern itself with such earthly matters, and it would be especially ungrateful for it to probe in the matter of its benefactors, who have described it so beautifully. All of this has fared well thus far, although I would say more because of the generosity than because of the naivete of the best part of the people here. Things have not been bad enough for them, and they have behaved in accordance with a piece of Stendhalian advice: "Don't think about them, just watch and keep going." But things are getting worse, and there is nowhere to go to get away from people like Bakocevic.



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